

Independent Auditor's Report

The Board of Directors
Fuyo General Lease Co., Ltd.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Fuyo General Lease Co., Ltd. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2025, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Estimate of residual value of real estate under operating lease transactions	
Description of Key Audit Matter	Auditor's Response
<p>Fuyo General Lease Co., Ltd. and its consolidated subsidiaries (the Group) are engaged in leasing, installment sales, commercial loan origination, and other financial services. The Group recorded assets for lease of ¥1,038,525 million in property, plant and equipment, at cost less accumulated depreciation, on the consolidated balance sheet as of March 31, 2025. Real estate lease assets with a carrying amount of ¥547,897 million were recognized as described in Note XX. "Real estate leasing business," to the consolidated financial statements. These assets account for 15% of consolidated total assets.</p> <p>As described in "4. Summary of significant accounting policies," "(2) Depreciation and amortization" under Note I. "Basis of presentation," in the notes to consolidated financial statements, assets leased under operating lease transactions are depreciated to their residual value using the straight-line method over the lease term and depreciation expense is recorded in cost of sales. The residual value at the end of the lease term is estimated at the inception of the lease and is revised, as deemed necessary, during the lease term. If a loss on disposal of the leased assets is expected, the corresponding amount is recorded under cost of sales.</p> <p>As described in Note II. "Significant accounting estimates," the Group estimates the residual value using future cash flows and discount rates, and the significant assumption for estimating the residual value is future cash flows. The future cash flows of real estate lease transactions are estimated based on considerations such as terms of contracts, rents, and occupancy rates. However, these transactions are highly individual in nature and the estimation of the residual value requires complex judgment, and specialized knowledge and experience. In addition, since the value of each property in real estate lease transactions is significant and operating lease transactions are not full payout, an inaccurate estimation of the residual value can have a considerable impact on profit or loss calculations.</p> <p>Based on the above, we have determined the estimation of the residual value of real estate under operating lease transactions to be a key audit matter.</p>	<p>We performed the following audit procedures, among others, to evaluate the key assumptions such as future cash flows and other inputs required to estimate the residual value of real estate under operating lease transactions by selecting a sample of transactions based on quantitative materiality, the remaining number of years, and the type of lease payments:</p> <p>(1) Audit procedures performed for selected assets acquired in the current year</p> <ul style="list-style-type: none"> • In order to evaluate the inputs, such as rents and the occupancy rates of the properties, which form the basis for calculating future cash flows used by the Group in estimating the residual value, we inspected external evidence, including real estate valuation reports, by involving the real estate valuation experts from our network firm. • We evaluated the inputs such as rents and the occupancy rates of the properties, which form the basis for calculating future cash flows, by comparing such inputs with past results and available external data. • We recalculated the residual value to evaluate the Group's estimation process. <p>(2) Audit procedures performed for selected assets acquired in previous years</p> <p>In order to evaluate the Group's estimate of the residual value, we compared the estimates of future cash flows with actual results.</p> <p>(3) Audit procedures performed for selected assets sold during the current year</p> <p>In order to evaluate the effectiveness of the Group's estimation process, we reconciled actual sale prices with the sale agreements and compared these prices with the estimated residual values.</p>

Valuation of goodwill	
Description of Key Audit Matter	Auditor's Response
<p>The Group pursues corporate acquisitions with the aim of further expanding and growing its business and recorded goodwill of ¥46,304 million on the consolidated balance sheet as of March 31, 2025. This goodwill is primarily attributable to the acquisition of Wako Pallet Co., Ltd., INVOICE Inc., LN Holdings, Co., Ltd., Pacific Rim Capital, Inc. and Accretive Co., Ltd.</p> <p>As described in “4. Summary of significant accounting policies,” “(9) Amortization method and period of goodwill,” under Note I. “Basis of presentation,” in the notes to consolidated financial statements, the Group systematically amortizes goodwill arising from business combinations over its effective period. However, it is necessary to recognize an impairment loss if the Group has determined that there are indications of impairment for businesses that include goodwill, as the expected revenues at the time of their acquisition may no longer be achievable due to changes in its operating environment and the total undiscounted future cash flows expected from these businesses fall below their book values.</p> <p>The Group determines whether there are indications of impairment by comparing the initial business plans at the time of acquiring each subsidiary and actual results, analyzing the factors behind any discrepancies, and considering future earnings forecasts based on these analyses. This process involves management's judgment regarding the current and future operating environments.</p>	<p>In considering the determinations by the Group related to indications of impairment for goodwill arising from business combinations, we performed the following audit procedures for businesses that include goodwill, among others:</p> <ul style="list-style-type: none"> • In order to assess judgments on whether there has been a significant deterioration in the operating environment, we compared the initial business plans at the time of acquiring each subsidiary to the actual results until the end of the fiscal year ended March 31, 2025, and conducted a factor analysis of the differences between the planned and actual figures. • To assess judgments regarding the likelihood of significant deterioration in future operating environments, we made inquiries with the responsible departments about the basis for the projected sales growth rates of each subsidiary, performed trend analysis, and compared the projections to external data, such as growth rates of the industries to which each subsidiary belongs. • To assess judgments regarding the occurrence or expected occurrence of changes resulting in a significant reduction in recoverable amounts, we made inquiries of management and inspected relevant documentation. We examined the consistency between the initial business plans of each subsidiary and the overall management policy and medium-term management plan of the Group for the fiscal year ended March 31, 2025, and later.

<p>Furthermore, as described in Note XVIII. “Business combinations, etc.,” in the notes to consolidated financial statements, the Group acquired shares of Wako Pallet Co., Ltd. for ¥31,217 million, with March 31, 2025 set as the deemed acquisition date, resulting in the Group recording goodwill of ¥22,824 million. At the end of the fiscal year ended March 31, 2025, the allocation of the acquisition cost to the identifiable assets acquired and liabilities assumed has not been completed. As a consequence, provisional accounting treatment is being applied based on reasonable information available at that time. The Group has engaged external specialists in the acquisition of the shares, to evaluate the share value based on its future business plans and to determine the acquisition cost.</p> <p>The business combination involving Wako Pallet Co., Ltd. is a transaction that is quantitatively material, and assessing the value of shares, which forms the basis for determining the acquisition cost, requires specialized knowledge. In addition, these underlying business plans involve management’s judgment regarding the current and future operating environments and other considerations.</p> <p>Based on the above, we have determined the valuation of goodwill to be a key audit matter.</p>	<p>We mainly performed the following procedures in considering the valuation of goodwill arising from the acquisition of shares of Wako Pallet Co., Ltd.:</p> <ul style="list-style-type: none"> • We made inquiries of management regarding the purpose of the share acquisition and inspected relevant minutes of meetings of the board of directors and key contracts. • We inspected contracts and supporting documentation for cash disbursements related to the acquisition of shares, and considered the accuracy of the acquisition cost. • We evaluated the competence, capabilities, and objectivity of the external specialists engaged by the Group to perform share valuations. • We made inquiries with the responsible departments regarding the business plans that serve as the basis for the valuation of shares, conducted trend analysis, and examined the consistency of the plans with the overall management policy of the Group. • We assessed the valuation methods, underlying data, and assumptions used in the valuation of shares by involving valuation specialists from our network firm.
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Other Information

Other information comprises the information included in disclosure documents that contain audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We have concluded that other information does not exist. Accordingly, we have not performed any work related to other information.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Corporate Auditor and the Board of Corporate Auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2025 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Fee-related Information

The fees for the audits of the financial statements of Fuyo General Lease Co., Ltd. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2025 are 247 million yen and 44 million yen, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo, Japan

August 8, 2025

/s/ Yuji Ozawa

Designated Engagement Partner
Certified Public Accountant

/s/ Toru Nakagiri

Designated Engagement Partner
Certified Public Accountant

Consolidated financial statements

Consolidated balance sheets

		Millions of yen		Thousands of U.S. dollars (Note I)
	Notes	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Assets				
Current assets				
Cash and deposits	3	¥ 66,598	¥ 140,804	\$ 445,388
Installment receivables	3, 9	54,901	50,984	367,159
Lease receivables and investments in leases	3, 9	851,478	858,731	5,694,368
Operating loans		382,529	339,872	2,558,209
Accounts receivable - other loans to customers	3, 7	145,419	132,002	972,510
Operational investment securities	2	548,116	491,466	3,665,594
Other operating assets		32,016	31,967	214,115
Accounts receivable - lease	3, 9	31,447	28,620	210,308
Other		104,834	94,511	701,094
Allowance for doubtful accounts		(2,158)	(2,536)	(14,438)
Total current assets		2,215,183	2,166,425	14,814,306
Non-current assets				
Property, plant and equipment				
Assets for lease				
Assets for lease	1, 3, 7	1,024,537	936,038	6,851,716
Advances for purchase of assets for lease		13,988	357	93,547
Total assets for lease		1,038,525	936,396	6,945,263
Other operating assets	1, 3	32,841	38,796	219,634
Own-used assets	1	15,076	3,386	100,823
Total property, plant and equipment		1,086,443	978,579	7,265,720
Intangible assets				
Assets for lease		75	88	504
Other intangible assets				
Goodwill		46,304	23,256	309,669
Other		15,462	14,290	103,407
Total other intangible assets		61,767	37,546	413,077
Total intangible assets		61,842	37,634	413,581
Investments and other assets				
Investment securities	2, 3	155,675	158,182	1,041,100
Distressed receivables		30	26	204
Retirement benefit asset		2,582	2,176	17,271
Deferred tax assets		4,635	4,229	31,002
Other		40,477	42,551	270,699
Allowance for doubtful accounts		(6)	(1)	(46)
Total investments and other assets		203,395	207,163	1,360,231
Total non-current assets		1,351,681	1,223,378	9,039,532
Deferred assets				
Organization expenses		2	3	16
Business commencement expenses		243	517	1,627
Total deferred assets		245	521	1,643
Total assets		¥ 3,567,110	¥ 3,390,324	\$ 23,855,481

The accompanying notes are an integral part of these statements.

		Millions of yen		Thousands of U.S. dollars (Note 1)
	Notes	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Liabilities				
Current liabilities				
Notes and accounts payable - trade	9	¥ 36,454	¥ 36,467	\$ 243,792
Short-term borrowings		608,320	558,104	4,068,219
Current portion of bonds payable		94,496	35,000	631,957
Current portion of long-term borrowings	3, 7	441,624	422,660	2,953,416
Commercial papers		213,000	276,000	1,424,463
Payables under securitization of lease receivables	8	3,500	13,000	23,407
Current portion of long-term payables under securitization of lease receivables	3, 8	3,555	2,464	23,777
Lease liabilities		4,555	5,841	30,463
Income taxes payable		9,011	7,617	60,269
Deferred profit on installment sales		1,319	1,078	8,821
Provision for bonuses		3,596	3,257	24,055
Provision for bonuses for directors (and other officers)		285	224	1,907
Provision for share awards for directors (and other officers)		99	202	668
Provision for loss on guarantees		50	19	338
Other	3	56,212	59,374	375,931
Total current liabilities		1,476,083	1,421,313	9,871,484
Non-current liabilities				
Bonds payable		407,470	393,495	2,725,005
Long-term borrowings	3, 7	1,034,488	976,080	6,918,264
Long-term payables under securitization of lease receivables	3, 8	1,794	5,790	11,999
Lease liabilities		32	151	220
Long-term income taxes payable		41	—	279
Deferred tax liabilities		28,289	27,461	189,189
Retirement benefit liability		2,677	2,271	17,904
Provision for retirement benefits for directors (and other officers)		280	253	1,877
Provision for share awards for directors (and other officers)		912	638	6,105
Provision for maintenance costs		925	931	6,192
Provision for loss on guarantees		221	285	1,479
Asset retirement obligations		5,706	5,519	38,166
Other		76,972	78,804	514,760
Total non-current liabilities		1,559,813	1,491,684	10,431,440
Total liabilities		3,035,896	2,912,998	20,302,924

	Notes	Millions of yen		Thousands of U.S. dollars (Note I)
		As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Net assets				
Shareholders' equity				
Share capital		10,532	10,532	70,435
Capital surplus		1,902	1,902	12,726
Retained earnings		373,265	342,268	2,496,257
Treasury shares		(1,709)	(1,532)	(11,432)
Total shareholders' equity		383,991	353,171	2,567,987
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		55,417	61,773	370,608
Deferred gains or losses on hedges		(9,815)	(11,953)	(65,639)
Foreign currency translation adjustment		45,306	28,268	302,990
Remeasurements of defined benefit plans		466	415	3,121
Total accumulated other comprehensive income		91,374	78,504	611,080
Share acquisition rights		197	289	1,319
Non-controlling interests		55,650	45,362	372,171
Total net assets		531,213	477,326	3,552,556
Total liabilities and net assets		¥ 3,567,110	¥ 3,390,324	\$ 23,855,481

The accompanying notes are an integral part of these statements.

Consolidated statements of income and statements of comprehensive income
Consolidated statements of income

		Millions of yen		Thousands of U.S. dollars (Note I)
	Notes	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Net sales	1	¥ 678,395	¥ 708,538	\$ 4,536,850
Cost of sales	3	558,764	598,967	3,736,805
Gross profit		119,630	109,570	800,045
Selling, general and administrative expenses	2	54,870	49,524	366,953
Operating profit		64,760	60,046	433,092
Non-operating income				
Interest income		341	259	2,281
Dividend income		2,934	2,925	19,622
Foreign exchange gains		429	—	2,870
Gain on investments in investment partnerships		65	76	437
Share of profit of entities accounted for using equity method		2,991	6,660	20,004
Recoveries of written off receivables		72	61	484
Reversal of allowance for doubtful accounts		715	—	4,784
Reversal of provision for loss on guarantees		32	86	218
Other		662	1,060	4,428
Total non-operating income		8,243	11,129	55,129
Non-operating expenses				
Interest expenses		2,942	1,824	19,675
Bond issuance costs		69	58	462
Foreign exchange losses		—	198	—
Loss on investments in investment partnerships		248	92	1,662
Distributions of profit or loss on silent partnerships		401	589	2,685
Other		306	56	2,049
Total non-operating expenses		3,967	2,820	26,533
Ordinary profit		69,036	68,355	461,688
Extraordinary income				
Gain on sale of investment securities		33	737	225
Total extraordinary income		33	737	225
Extraordinary losses				
Loss on sale of investment securities		—	47	—
Loss on valuation of investment securities		161	84	1,082
Impairment losses	3	14	2,079	100
Loss on disposal of non-current assets	4	21	33	142
Other		8	—	58
Total extraordinary losses		206	2,244	1,382
Profit before income taxes		68,863	66,848	460,531
Income taxes - current		16,608	20,376	111,073
Income taxes - deferred		4,726	(3,193)	31,612
Total income taxes		21,335	17,182	142,685
Profit		47,527	49,665	317,845
Profit attributable to non-controlling interests		2,249	2,446	15,045
Profit attributable to owners of parent		¥ 45,277	¥ 47,219	\$ 302,801

The accompanying notes are an integral part of these statements.

Consolidated statements of comprehensive income

		Millions of yen		Thousands of U.S. dollars (Note I)
	Notes	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Profit		¥ 47,527	¥ 49,665	\$ 317,845
Other comprehensive income				
Valuation difference on available-for-sale securities		(6,343)	25,781	(42,424)
Deferred gains or losses on hedges		2,066	(7,243)	13,819
Foreign currency translation adjustment		17,224	9,873	115,194
Remeasurements of defined benefit plans, net of tax		(72)	185	(483)
Share of other comprehensive income of entities accounted for using equity method		(517)	1,134	(3,463)
Total other comprehensive income	1	12,357	29,731	82,643
Comprehensive income		¥ 59,885	¥ 79,396	\$ 400,488
Comprehensive income attributable to				
Comprehensive income attributable to owners of parent		¥ 58,148	¥ 76,230	\$ 388,875
Comprehensive income attributable to non-controlling interests		1,736	3,166	11,613

The accompanying notes are an integral part of these statements.

Consolidated statements of changes in equity

FY2024 (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	¥ 10,532	¥ 1,902	¥ 342,268	¥ (1,532)	¥ 353,171
Changes during period					
Dividends of surplus			(14,205)		(14,205)
Profit attributable to owners of parent			45,277		45,277
Purchase of treasury shares				(499)	(499)
Disposal of treasury shares			(75)	322	246
Net changes in items other than shareholders' equity					
Total changes during period	—	—	30,997	(177)	30,819
Balance at end of period	¥ 10,532	¥ 1,902	¥ 373,265	¥ (1,709)	¥ 383,991

(Millions of yen)

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	¥ 61,773	¥ (11,953)	¥ 28,268	¥ 415	¥ 78,504	¥ 289	¥ 45,362	¥ 477,326
Changes during period								
Dividends of surplus								(14,205)
Profit attributable to owners of parent								45,277
Purchase of treasury shares								(499)
Disposal of treasury shares								246
Net changes in items other than shareholders' equity	(6,356)	2,138	17,037	51	12,870	(91)	10,288	23,067
Total changes during period	(6,356)	2,138	17,037	51	12,870	(91)	10,288	53,886
Balance at end of period	¥ 55,417	¥ (9,815)	¥ 45,306	¥ 466	¥ 91,374	¥ 197	¥ 55,650	¥ 531,213

FY2023 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	¥ 10,532	¥ 1,902	¥ 306,782	¥ (2,067)	¥ 317,149
Changes during period					
Dividends of surplus			(11,464)		(11,464)
Profit attributable to owners of parent			47,219		47,219
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(268)	536	267
Net changes in items other than shareholders' equity					
Total changes during period	—	—	35,486	535	36,021
Balance at end of period	¥ 10,532	¥ 1,902	¥ 342,268	¥ (1,532)	¥ 353,171

(Millions of yen)

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	¥ 36,000	¥ (4,608)	¥ 17,936	¥ 163	¥ 49,492	¥ 541	¥ 43,012	¥ 410,197
Changes during period								
Dividends of surplus								(11,464)
Profit attributable to owners of parent								47,219
Purchase of treasury shares								(0)
Disposal of treasury shares								267
Net changes in items other than shareholders' equity	25,772	(7,345)	10,331	251	29,011	(252)	2,349	31,107
Total changes during period	25,772	(7,345)	10,331	251	29,011	(252)	2,349	67,129
Balance at end of period	¥ 61,773	¥ (11,953)	¥ 28,268	¥ 415	¥ 78,504	¥ 289	¥ 45,362	¥ 477,326

FY2024 (From April 1, 2024 to March 31, 2025)

(Thousands of U.S. dollars) (Note I)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	\$ 70,435	\$ 12,726	\$ 2,288,960	\$ (10,246)	\$ 2,361,876
Changes during period					
Dividends of surplus			(94,998)		(94,998)
Profit attributable to owners of parent			302,801		302,801
Purchase of treasury shares				(3,340)	(3,340)
Disposal of treasury shares			(506)	2,154	1,647
Net changes in items other than shareholders' equity					
Total changes during period	–	–	207,297	(1,186)	206,111
Balance at end of period	\$ 70,435	\$ 12,726	\$ 2,496,257	\$ (11,432)	\$ 2,567,987

(Thousands of U.S. dollars) (Note I)

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	\$ 413,116	\$ (79,938)	\$ 189,050	\$ 2,777	\$ 525,006	\$ 1,933	\$ 303,367	\$ 3,192,182
Changes during period								
Dividends of surplus								(94,998)
Profit attributable to owners of parent								302,801
Purchase of treasury shares								(3,340)
Disposal of treasury shares								1,647
Net changes in items other than shareholders' equity	(42,508)	14,298	113,940	344	86,074	(615)	68,804	154,264
Total changes during period	(42,508)	14,298	113,940	344	86,074	(615)	68,804	360,375
Balance at end of period	\$ 370,608	\$ (65,639)	\$ 302,990	\$ 3,121	\$ 611,080	\$ 1,319	\$ 372,171	\$ 3,552,556

The accompanying notes are an integral part of these statements.

Consolidated statements of cash flows

	Notes	Millions of yen		Thousands of U.S. dollars (Note I)
		FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Cash flows from operating activities				
Profit before income taxes	¥	68,863	¥ 66,848	\$ 460,531
Depreciation of assets for lease		49,039	45,382	327,955
Loss on retirement of assets for lease and cost of property for lease sales		37,204	184,363	248,808
Depreciation of other operating assets		3,205	3,245	21,440
Depreciation		3,539	3,414	23,668
Amortization of goodwill		1,747	1,810	11,689
Impairment losses		14	2,079	100
Increase (decrease) in allowance for doubtful accounts		(1,074)	(699)	(7,186)
Increase (decrease) in provision for bonuses and bonuses for directors (and other officers)		264	269	1,772
Increase (decrease) in provision for retirement benefits for directors (and other officers)		26	(124)	179
Increase (decrease) in provision for share awards for directors (and other officers)		171	213	1,147
Increase (decrease) in provision for maintenance costs		(96)	617	(647)
Increase (decrease) in provision for loss on guarantees		(32)	(86)	(218)
Increase (decrease) in retirement benefit liability		75	(587)	504
Loss (gain) on valuation of short-term and long-term investment securities		161	84	1,082
Interest and dividend income		(3,275)	(3,184)	(21,903)
Capital costs and interest expenses		33,160	20,824	221,768
Loss (gain) on investments in investment partnerships and silent partnerships		183	15	1,225
Share of loss (profit) of entities accounted for using equity method		(2,991)	(6,660)	(20,004)
Loss (gain) on sale of short-term and long-term investment securities		(33)	(690)	(225)
Loss (gain) on disposal of non-current assets		21	33	142
Decrease (increase) in installment receivables		(3,655)	2,903	(24,444)
Net decrease (increase) in lease receivables and investments in leases		16,626	30,686	111,194
Decrease (increase) in accounts receivable - lease		1,911	(1,956)	12,782
Decrease (increase) in operating loans		(37,181)	(7,075)	(248,655)
Decrease (increase) in accounts receivable - other loans to customers		(13,334)	(13,409)	(89,173)
Decrease (increase) in operational investment securities		(54,604)	(36,028)	(365,177)
Purchase of assets for lease		(156,964)	(356,077)	(1,049,722)
Purchase of other operating assets		(1,396)	(1,601)	(9,342)
Decrease (increase) in retirement benefit asset		(406)	(1,653)	(2,718)
Decrease (increase) in distressed receivables		(0)	413	(4)
Decrease (increase) in guarantee deposits		3,168	(1,048)	21,188
Increase (decrease) in trade payables		(1,064)	2,550	(7,121)

	Millions of yen		Thousands of U.S. dollars (Note I)
Notes	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Increase (decrease) in lease liabilities	(645)	(634)	(4,315)
Increase (decrease) in guarantee deposits received	(1,567)	(944)	(10,481)
Other, net	(34,697)	(11,430)	(232,044)
Subtotal	(93,636)	(78,134)	(626,202)
Interest and dividends received	5,314	6,546	35,543
Interest paid	(33,131)	(20,595)	(221,570)
Income taxes refund (paid)	(14,924)	(19,915)	(99,813)
Net cash provided by (used in) operating activities	(136,377)	(112,098)	(912,042)

		Millions of yen		Thousands of U.S. dollars (Note I)
	Notes	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Cash flows from investing activities				
Purchase of own-used assets		(3,428)	(3,269)	(22,928)
Proceeds from sale of own-used assets		17	—	117
Purchase of investment securities		(6,350)	(4,103)	(42,469)
Proceeds from sale and redemption of investment securities		3,621	4,402	24,218
Purchase of shares of subsidiaries resulting in change in scope of consolidation	2	(29,448)	—	(196,938)
Other, net		(69)	(92)	(465)
Net cash provided by (used in) investing activities		(35,657)	(3,062)	(238,465)
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings		41,303	(30,284)	276,222
Net increase (decrease) in commercial papers		(63,000)	(30,000)	(421,320)
Proceeds from long-term borrowings		526,947	599,930	3,524,025
Repayments of long-term borrowings		(453,637)	(430,150)	(3,033,752)
Net increase (decrease) in payables under securitization of lease receivables		(9,500)	(11,200)	(63,532)
Repayments of payables under securitization of lease receivables		(2,905)	(6,098)	(19,429)
Proceeds from issuance of bonds		109,520	97,000	732,431
Redemption of bonds		(35,000)	(45,000)	(234,067)
Purchase of treasury shares		(499)	(0)	(3,340)
Proceeds from disposal of treasury shares		246	267	1,647
Dividends paid		(14,205)	(11,464)	(94,998)
Dividends paid to non-controlling interests		(884)	(756)	(5,918)
Other, net		(391)	(441)	(2,621)
Net cash provided by (used in) financing activities		97,994	131,800	655,349
Effect of exchange rate change on cash and cash equivalents		(67)	2,842	(452)
Net increase (decrease) in cash and cash equivalents		(74,108)	19,481	(495,610)
Cash and cash equivalents at beginning of period		140,674	121,192	940,776
Cash and cash equivalents at end of period	1	¥ 66,565	¥ 140,674	\$ 445,166

The accompanying notes are an integral part of these statements.

Notes to consolidated financial statements

I. Basis of presentation

Fuyo General Lease Co., Ltd. (the “Company”) and its domestic consolidated subsidiaries maintain their books of account in conformity with generally accepted accounting principles in Japan, and its foreign consolidated subsidiaries maintain their books of account in conformity with those of their countries of domicile.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements prepared by the Company as required under the Financial Instruments and Exchange Act of Japan and have been prepared in accordance with generally accepted accounting principles in Japan.

Japanese yen amounts, which are indicated in millions of yen, are rounded down by truncating the figures below one million. As a result, the totals do not necessarily agree with the sum of the individual amounts. The amounts in US dollars presented in the consolidated financial statements are translated from the amounts in Japanese yen at the exchange rate of ¥149.53 to US\$1.00, in effect at March 31, 2025, solely for the convenience of overseas readers. Therefore, this does not imply that those amounts in yen can be converted into equivalent amounts in US dollars at this or any other exchange rate.

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 73 companies

Names of significant consolidated subsidiaries:

Fuyo Auto Lease Co., Ltd.
YAMATO LEASE CO., LTD.
Sharp Finance Corporation
Accretive Co., Ltd.
INVOICE INC.
FGLGROUP Business ServiceCO., Ltd.
FGL GROUP Management Service Co., Ltd.
FGL LeaseUp Business Service Co., Ltd.
Fuyo General Lease (USA) Inc.
Fuyo General Lease (HK) Limited
Fuyo General Lease (Asia) Pte. Ltd.
Fuyo General Lease (China) Co., Ltd.
FGL Aircraft Ireland Limited
FGL Aircraft USA Inc.

In the fiscal year ended March 31, 2025, Wako Pallet Co., Ltd., CB Holdings Inc. and its four subsidiaries were included in the scope of consolidation due to the Company’s acquisition of their shares, and PLIC Corp., Ltd. and three other companies were included in the scope of consolidation mainly due to the Company’s additional acquisition of their shares. PLIC Corp., Ltd. was excluded from the scope of application of the equity method due to its inclusion in the scope of consolidation. In addition, FG Justice Leasing Co., Ltd. and two other companies were excluded from the scope of consolidation mainly due to their liquidation.

(2) Non-consolidated subsidiaries

Reason for exclusion from the scope of consolidation

Among the non-consolidated subsidiaries, 159 companies including FK Ignicion Leasing Ltd. are mainly business operators, etc. of leasing businesses conducted through silent partnerships. Their assets and gains or losses are effectively not attributable to such subsidiaries or are immaterial, so they have been excluded from the scope of consolidation pursuant to Article 5, paragraph (1), item (ii) of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

(3) Special purpose entities subject to disclosure

For an overview of special purpose entities subject to disclosure, overview of transactions using special purpose entities subject to disclosure, amount of transactions with special purpose entities subject to disclosure, etc., see “Information on special purpose entities.”

2. Application of equity method

(1) Number of associates under the equity method: 14 associates

Names of significant associates:

Yokogawa Rental & Lease Corporation

Marubeni Fuyo Auto Investment (CANADA) Inc.

In the fiscal year ended March 31, 2025, GLOBAL ENGINEERING Co., Ltd. and two other companies were included in the scope of application of the equity method mainly due to the Company’s acquisition of their shares.

PLIC Corp., Ltd. was excluded from the scope of application of the equity method due to its inclusion in the scope of consolidation as a result of the Company’s additional acquisition of its shares. Additionally, Keihinjima 2chome kaiatsu TMK and three other companies were excluded from the scope of application of the equity method mainly due to liquidation.

(2) Non-consolidated subsidiaries and associates to which the equity method was not applied

Reason the equity method was not applied to the companies

Among the non-consolidated subsidiaries and associates, 161 companies including FK Ignicion Leasing Ltd. are mainly business operators, etc. of leasing businesses conducted through silent partnerships. Their assets and gains or losses are effectively not attributable to such subsidiaries or are immaterial, so they are excluded from the scope of being accounted for using the equity method. Investments in these companies are valued at cost.

(3) With regard to the entities accounted for using equity method whose balance sheet dates differ from the consolidated balance sheet date, the financial statements of these companies for their respective fiscal years have been applied.

3. Fiscal year ends of consolidated subsidiaries

Among the consolidated subsidiaries, 30 overseas consolidated subsidiaries including Fuyo General Lease (USA) Inc. have balance sheet dates of December 31, while 12 domestic consolidated subsidiaries including General Incorporated Association C・C・S Holding have balance sheet dates of January 31. Financial statements of the respective subsidiaries as of the respective closing dates, with necessary adjustments with regard to material transactions during the periods up to the consolidated balance sheet date, have been reflected in the consolidation.

The financial statements of F.O. Aerial Leasing Ltd. and three other companies are based on the provisional settlement of accounts conducted as of the consolidated balance sheet date.

The closing date of other consolidated subsidiaries is the same as the consolidated balance sheet date.

4. Summary of significant accounting policies

(1) Standard and method of valuation of significant assets

1) Securities

Other securities

Securities other than shares without a market price, etc.

Fair value method based on market price, etc. on the consolidated balance sheet date

Note that the cost of securities sold is computed based on the moving-average method. The entire net unrealized gains or losses are booked directly as net assets.

Shares without a market price, etc.

Stated at cost determined by the moving-average method

The amortized cost method is applied to the difference between the acquisition cost and the amount of bonds where interest rate adjustment is recognized.

2) Derivative financial instruments

Fair value method

(2) Depreciation and amortization

1) Assets for lease

Mainly amortized over the lease agreement period using the straight-line method with the residual value being the estimated amount to be realized when the lease agreement period ends

Note that an additional amount is booked as depreciation for the estimated amount of loss on disposal of assets for lease due to cancellation of lease agreements or customer insolvency, etc.

2) Other operating assets

Straight-line method

3) Own-used assets

Declining balance method

However, the straight-line method is applied to buildings (excluding facilities attached to buildings) acquired since April 1, 1998 and facilities attached to buildings and structures acquired since April 1, 2016, and is applied for overseas consolidated subsidiaries.

The estimated useful lives of own-used assets are principally as follows:

Buildings 3 to 50 years

Equipment 2 to 20 years

4) Other intangible assets

Straight-line method

Computer software intended for internal use is amortized by the straight-line method over the estimated useful lives (5 years).

(3) Accounting method for deferred assets

1) Organization expenses

Organization expenses are amortized by the straight-line method within five years after the date of founding.

2) Business commencement expenses

Business commencement expenses are amortized by the straight-line method within five years after the business commencement date.

3) Bond issuance costs

Bond issuance costs are expensed upon payment.

(4) Accounting policy for significant allowances and provisions

1) Allowance for doubtful accounts

To cover possible losses from bad debts, the Company sets aside an allowance for the estimated amount of doubtful receivables deemed uncollectible. This allowance is based on historical default rates for general receivables and the individual analysis of debtors' financial positions for doubtful receivables, distressed receivables, etc.

With respect to the bankruptcy claims, etc., an estimated uncollectible amount is calculated by directly deducting amounts expected to be recovered from the amount of claims. The direct deduction totaled ¥7,654 million (U.S.\$51,191 thousand) in the fiscal year ended March 31, 2025 and ¥7,744 million in the fiscal year ended March 31, 2024.

2) Provision for bonuses

To prepare for payment of bonuses to employees, a provision for the estimated payment amount borne in the fiscal year is recorded.

3) Provision for bonuses for directors (and other officers)

To prepare for payment of bonuses to directors, a provision for the estimated payment amount borne in the fiscal year is recorded.

4) Provision for loss on guarantees

To cover possible losses on guarantees, etc., the Company provides an allowance for estimated loss, taking into consideration the financial condition of the financial guarantees as well as other factors.

5) Provision for retirement benefits for directors (and other officers)

To pay retirement benefits to directors and other officers, the entire amount that would be required to be paid at the end of the fiscal year is recorded in accordance with internal regulations.

6) Provision for share awards for directors (and other officers)

To prepare for the provision of the Company's shares, etc. to directors and other officers of the Company based on the Regulations for Provision of Shares to Officers, the Company posts the estimated amount of share-based benefit obligation as of the end of the fiscal year.

7) Provision for maintenance costs

To cover future payments for maintenance costs for vehicles, aircrafts, etc. that are required in specific lease transactions and maintenance services, a provision for estimated cost is recorded by the Company.

(5) Retirement benefits

1) The method for attributing estimated retirement benefits for periods of employee service

For the calculation of retirement benefit obligations, the benefit formula method is used to attribute estimated retirement benefits for the period up to the end of the fiscal year.

2) Actuarial differences and prior service cost

With respect to prior service cost, the Company and one of the Company's domestic consolidated subsidiaries expense the entire amount of it in the fiscal year of occurrence, but one of the Company's domestic consolidated subsidiaries amortizes it by the straight-line method over a

period (10 years) within the average remaining service years for employees at the time of recognition, starting from the fiscal year of occurrence.

With respect to actuarial differences, the Company expenses the entire amount of them in the fiscal year of occurrence, but three of the Company's domestic consolidated subsidiaries amortize them by the straight-line method over a period (5 to 13 years) within the average remaining service years for employees at the time of recognition, starting from the fiscal year following the fiscal year of occurrence.

3) Unrecognized actuarial differences and unrecognized prior service cost

Unrecognized actuarial differences and unrecognized prior service cost after tax effect adjustments are recorded as remeasurements of defined benefit plans classified in accumulated other comprehensive income of net assets.

4) Simplified accounting method by small-scale businesses, etc.

Certain domestic consolidated subsidiaries use simplified accounting methods in relation to the calculation of the retirement benefit liability and the retirement benefit expenses. In the case of the termination allowance plan, retirement benefit obligations are recorded as the amount to be paid for voluntary retirement as of fiscal year-end. In the case of the corporate pension plan, retirement benefit obligations are recorded as the amount of actuarial liability calculated under the latest pension funding program.

(6) Recognition of significant revenues and expenses

1) Accounting policy for sales and cost of sales arising from finance leases

Sales and cost of sales are recorded when lease payments should be received.

2) Accounting policy for revenue from operating leases

Based on the lease payments that should be received each month under the lease agreement based on the lease agreement periods, recorded as lease payments corresponding to such transitional period.

3) Accounting policy for revenue from sale of leased properties

Recorded as sales revenue when leased properties are delivered to the customer and the performance obligation is satisfied.

(7) Standard for translation of significant foreign currency-denominated assets or liabilities into Japanese yen

Foreign currency-denominated monetary receivables and payables are translated into Japanese yen at the spot exchange rate on the consolidated balance sheet date, and exchange differences are treated as gains or losses.

Meanwhile, the assets, liabilities, income and expenses of overseas subsidiaries, etc. are mainly translated into Japanese yen at the spot exchange rate on the consolidated balance sheet date, and exchange differences are recorded as foreign currency translation adjustment or non-controlling interests of net assets.

(8) Significant hedge accounting methods

1) Hedge accounting

Hedging activities are accounted for by the deferred hedge method. Interest rate swaps that satisfy the required conditions are subject to accounting under exceptional treatment.

2) Hedging instruments and hedged items

- (a) Hedging instruments Interest rate swaps, currency swaps, foreign currency-denominated borrowings, foreign currency-denominated bonds, and forward exchange contracts
- (b) Hedged items Borrowings, foreign currency-denominated securities and forecast transactions in foreign currencies

3) Hedging policies

The Company uses derivatives, in accordance with its internal “Basic Policy for Managing Market and Liquidity Risks,” for the purpose of hedging risks associated with interest-rate and foreign currency fluctuations arising from its sales and financial operations.

4) Assessing hedge effectiveness

The assessment of hedge effectiveness of interest rate fluctuation risks is by the correlation between the change in aggregated amount of cash flow of the hedging instruments and the change in aggregated amount of cash flow of the hedged items and other factors.

With regard to risks associated with foreign currency fluctuations, when the principal terms for the hedged items and hedging instruments are substantially the same, the hedge relationship is considered highly effective.

With regard to interest rate swaps subject to accounting under exceptional treatment, an assessment of hedge effectiveness is omitted.

(9) Amortization method and period of goodwill

Apart from immaterial amounts, goodwill is amortized by the straight-line method over a period not exceeding 20 years from the effective date.

(10) Scope of funds in consolidated statements of cash flows

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, demand deposits and short-term investments with a maturity of three months or less from the date of acquisition, which are readily convertible into cash and have an insignificant risk of changes in value.

(11) Other important matters for preparing consolidated financial statements

1) Operating loans and accounts receivable - other loans to customers

Operating loans and accounts receivable - other loans to customers include loans, discounted notes and purchased receivables to earn financial income.

This financial income is in net sales on the consolidated statement of income.

2) Operational investment securities

Operational investment securities are held for operational purpose to earn financial income.

This financial income (interest, redemption difference) is recorded in net sales on the consolidated statement of income.

II. Significant accounting estimates

Of the accounting estimates made in preparing the consolidated financial statements for the fiscal year ended March 31, 2025, the items that may have a significant impact on the consolidated financial statements for the following fiscal year are “Assets for lease (property, plant and equipment).”

- (1) Amount recorded in the consolidated financial statements

FY2024: ¥1,024,537 million (U.S.\$6,851,716 thousand)

FY2023: ¥936,038 million

- (2) Information regarding significant accounting estimates for identified items

- 1) Method of calculation of amounts

The Company records the acquisition cost of leased assets under operating leases less accumulated depreciation. Depreciation is calculated mainly using the straight-line method with the lease agreement period as the depreciation period and the estimated disposal amount at the end of the lease agreement period as the residual value.

The estimated disposal amount is calculated based on the details of individual assets, individual contracts and other factors, taking into account future cash flows, discount rates, and net sales values, etc.

Note that an additional amount is booked as depreciation for the estimated amount of loss on disposal of assets for lease due to cancellation of lease agreements or customer insolvency, etc.

In assessing impairment of assets for lease, the Company groups assets, and for asset groups whose profitability has declined significantly, the book value of the assets for lease is written down to the recoverable amount, and the difference is recorded as an impairment loss.

- 2) Main assumptions used to calculate the amounts

The main assumption is the “future cash flows” for estimating the “residual value.”

“Future cash flows” are evaluated individually based on the contractual terms, etc. and conditions of each project. The “future cash flows” for each individual lease contract are established based on external factors such as the economic environment, interest rate fluctuations, and competition in the market.

While continued price increases are anticipated, a gradual recovery is expected to continue under the improving employment and income environment backed mainly by rising wages. On the other hand, attention should be paid to the impact of an increase in the policy interest rate by the Bank of Japan and exchange rate fluctuations. In addition, given the possibility of a slowdown in the global economy due to the US protectionist trade policy and other factors, we expect the outlook to remain uncertain, and recognize that there may be some impact on cash flows primarily derived from leased properties. Although this situation is subject to uncertainty, the Group has made estimates based on available information.

- 3) Impact on the consolidated financial statements for the following fiscal year

The main assumption, “future cash flows” for estimating the “residual value,” is subject to a high degree of estimation uncertainty, and any change in the assumptions used for the initial estimate may have a significant impact on the valuation of the assets for lease in the consolidated financial statements for the following fiscal year.

III. Changes in accounting policies

Application of Accounting Standard for Current Income Taxes and related implementation guidances

Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter, “Revised Accounting Standard of 2022”), etc. have been applied from the beginning of the fiscal year ended March 31, 2025.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard

of 2022 and to the transitional treatment in the proviso of paragraph 65-2(2) of the Implementation Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022).

The impact of applying this standard, etc. on the consolidated financial statements is immaterial.

Application of the Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules, etc.

Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules (ASBJ PITF No. 46, March 22, 2024), etc. have been applied from the beginning of the fiscal year ended March 31, 2025.

The impact of applying this solution, etc. on the consolidated financial statements is immaterial.

IV. New accounting standards and implementation guidances not yet applied

Accounting Standard for Leases and related implementation guidances

- Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024), etc.

(1) Overview

As part of efforts to make Japanese GAAP internationally consistent, the Accounting Standards Board of Japan (ASBJ) conducted studies based on international accounting standards to develop accounting standards for leases that require lessees to recognize assets and liabilities for all leases. The ASBJ published accounting standards for leases that, while fundamentally based on the single accounting model under IFRS 16, aim to be a simpler and more practical standard, and to basically require no adjustments even if the provisions of IFRS 16 are applied for non-consolidated financial statements, by adopting only major provisions of IFRS 16, instead of all the provisions.

As for the accounting treatment for lessees, lease expenses of lessees are allocated using the single accounting model in which, regardless of whether the lease is a finance lease or an operating lease, depreciation of right-of-use assets and the amount equivalent to interest on lease liabilities are recorded for all leases, as in IFRS 16.

(2) Scheduled date of adoption

Effective from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of adoption of such accounting standard and implementation guidances

The impact of adopting the Accounting Standard for Leases and related implementation guidances on the consolidated financial statements is currently being evaluated.

V. Additional information

Board Benefit Trust (BBT) Plan

Based on the resolution reached at the 49th Annual General Meeting of Shareholders held on June 22, 2018, the Company has introduced a new share-based payment plan or Board Benefit Trust (BBT) (the “Plan”) for the Company’s directors, excluding outside directors, (the “Eligible Directors”) and executive officers who currently do not serve as directors (the “Executive Officers.” The Eligible Directors and Executive Officers are hereinafter collectively referred to as the “Directors, etc.”).

(1) Overview of the transaction

The Plan is a share-based payment plan, under which the Company's shares will be acquired by a trust (the trust to be established under the Plan is referred to hereinafter as the "Trust") using funds that the Company will contribute, and the Company's shares and cash equivalent to the market price of the Company's shares (the "Company's share, etc.") will be provided to the Eligible Directors from the Trust in accordance with the Regulations for Provision of Shares to Officers established by the Company. In principle, the Company's shares, etc. will be provided to the Eligible Directors on their retirement.

(2) Treasury shares remaining in trust

The shares of the Company remaining in trust are recorded as treasury shares under net assets based on the book value in trust (excluding the amount of incidental costs). The book value and the number of shares of treasury shares under the Plan are ¥1,390 million (U.S.\$9,297 thousand) and 170,200 shares as of March 31, 2025 and ¥1,046 million and 147,700 shares as of March 31, 2024, respectively.

Although the Company conducted a stock split at a ratio of three shares for one share of common stock on April 1, 2025, the number of shares stated above is the number of shares before the stock split.

(3) Book value of borrowings recorded based on the gross method

Not applicable

VI. Notes for consolidated balance sheets

*1 Accumulated depreciation for property, plant and equipment

	Millions of yen		Thousands of U.S. dollars	
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025	
Assets for lease	¥ 248,025	¥ 218,862	\$ 1,658,703	
Other operating assets	18,283	17,867	122,275	
Own-used assets	30,265	4,422	202,401	

*2 Investment securities in non-consolidated subsidiaries and associates were as follows:

	Millions of yen		Thousands of U.S. dollars	
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025	
Operational investment securities (other)	¥ –	¥ 1,300	\$ –	
Investment securities (shares)	30,736	30,616	205,554	
(of which investment in joint ventures)	(28,257)	(27,884)	(188,973)	
Investment securities (other)	20,104	19,212	134,449	

*3 Assets pledged as collateral and liabilities secured by collateral

(1) Assets pledged as collateral

	Millions of yen		Thousands of U.S. dollars	
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025	
Cash and deposits	¥ 3,082	¥ 3,291	\$ 20,615	
Installment receivables	172	287	1,156	
Lease receivables and investments in leases	9,466	10,546	63,305	
Accounts receivable - other loans to customers	1,681	867	11,247	
Accounts receivable - lease	101	101	680	
Operating lease and other contract receivables	9,306	8,905	62,238	
Assets for lease (property, plant and equipment)	43,974	46,814	294,087	
Other operating assets (property, plant and equipment)	14,922	16,130	99,797	
Total	¥ 82,708	¥ 86,944	\$ 553,124	

Note: Besides the above assets pledged as collateral, the Company provided investment securities (¥602 million (U.S.\$4,027 thousand) in the fiscal year ended March 31, 2025, ¥602 million in the fiscal year ended March 31, 2024) as third party security for bank loans taken out by business partners. The Company maintains deposits of investment securities (¥3 million (U.S.\$20 thousand) and ¥3 million as of March 31, 2025 and March 31, 2024, respectively) for the purpose of sales transactions.

(2) Liabilities secured by collateral

	Millions of yen		Thousands of U.S. dollars	
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025	
Other (current liabilities)	¥ 8	¥ 5	\$ 60	
Long-term borrowings (current portion included)	52,039	56,262	348,022	
Long-term payables under securitization of lease receivables (current portion included)	–	6	–	
Total	¥ 52,048	¥ 56,274	\$ 348,082	

4 Loan commitments in lending operations (as lender)

The unused credit balance, etc. in relation to loan commitment in lending operations was as follows:

	Millions of yen		Thousands of U.S. dollars	
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025	
Total loan commitments	¥ 27,860	¥ 28,153	\$ 186,318	
Balance of loans extended	10,214	4,776	68,310	
Difference	¥ 17,645	¥ 23,377	\$ 118,008	

Note that, in the above loan commitment agreements, a condition of lending is review of the borrower's use of funds and credit standing, etc., so this does not necessarily mean the full amount of loans will be extended.

5 Overdraft agreements and loan commitments (as borrower)

The Company has concluded overdraft agreements and loan commitment agreements with 82 correspondent financial institutions, etc. (80 in the fiscal year ended March 31, 2024) for the efficient procurement of working capital. The unused balance, etc. at the end of the fiscal years ended March 31, 2025 and 2024 based on these agreements was as follows:

	Millions of yen		Thousands of U.S. dollars	
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025	
Upper limit on overdrafts and total loan commitments	¥ 1,332,238	¥ 1,293,887	\$ 8,909,509	
Balance of borrowings drawn	574,269	542,873	3,840,494	
Difference	¥ 757,969	¥ 751,014	\$ 5,069,014	

6 Contingent liabilities

(1) Guarantees provided on borrowings, etc. of business partners, etc.

	Millions of yen		Thousands of U.S. dollars	
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025	
Mizuho Bank, Ltd. (Note)	¥ 40,937	¥ 71,712	\$ 273,777	
Sumitomo Mitsui Trust Bank, Limited (Note)	10,998	10,998	73,556	
Sumitomo Mitsui Banking Corporation (Note)	4,119	4,119	27,550	
JAPAN SECURITIZATION CORPORATION (Note)	3,891	3,981	26,026	
IBM Japan, Ltd. (Note)	3,839	818	25,674	
Godo Kaisha SKB 2	2,700	—	18,057	
Cutlass Solar Partners LLC	2,482	2,549	16,600	
Sumitomo Realty & Development Co., Ltd. (Note)	2,276	2,277	15,227	
PLIC Corp., Ltd.	—	1,560	—	
Employees (funds for purchasing housing)	—	1	—	
Others (690 in the fiscal year ended March 31, 2025, 739 in the fiscal year ended March 31, 2024)	21,120	22,929	141,248	
Total	¥ 92,367	¥ 120,950	\$ 617,717	

Note: The Company has guaranteed loans, etc. held by Mizuho Bank, Ltd. and others.

- (2) The Company's domestic consolidated subsidiary Sharp Finance Corporation engaged in business guarantee operations and the balance of guarantees for borrowings of general customers and other entities was ¥14,561 million (U.S.\$97,382 thousand) as of March 31, 2025 and ¥17,777 million as of March 31, 2024.

*7 Non-recourse debt included in borrowings were as follows:

	Millions of yen		Thousands of U.S. dollars	
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025	
Current portion of long-term non-recourse borrowings	¥ 2,659	¥ 6,136	\$ 17,788	
Long-term non-recourse borrowings	27,278	26,549	182,426	
Total	¥ 29,938	¥ 32,685	\$ 200,214	

The assets corresponding to the non-recourse debt were as follows:

	Millions of yen		Thousands of U.S. dollars	
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025	
Accounts receivable - other loans to customers	¥ 25,085	¥ 27,312	\$ 167,761	
Assets for lease (property, plant and equipment)	23,716	7,165	158,610	
Total	¥ 48,802	¥ 34,478	\$ 326,371	

*8 Payables under securitization of lease receivables, long-term payables under securitization of lease receivables

Payables under securitization of lease receivables and long-term payables under securitization of lease receivables include the amount of funds raised through securitization of lease agreement receivables, etc.

Note that the balance of lease agreement receivables, etc. transferred through this was ¥8,066 million (U.S.\$53,949 thousand) as of March 31, 2025 and ¥17,505 million as of March 31, 2024.

*9 Bills that mature on the last day of the fiscal period

Bills that mature on the last day of the fiscal period are settled on the clearing date of the bills.

Note that since the last day of the fiscal year ended March 31, 2024 was a financial institution holiday, the following amounts for bills that matured on the last day of the fiscal period have been included in the balance at the end of the fiscal year.

	Millions of yen		Thousands of U.S. dollars	
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025	
Notes receivable - trade (installment receivables, lease receivables and investments in leases and others included)	¥ —	¥ 12	\$ —	
Notes payable - trade	—	108	—	

VII. Notes for consolidated statements of income

*1 Revenue from contracts with customers

Net sales are not categorized separately and stated as revenue from contracts with customers and revenue from other sources. The amount of revenue from contracts with customers is disclosed in the consolidated financial statements in Note XXI. “Revenue recognition, 1. Information on disaggregation of revenue from contracts with customers.”

*2 Major components of selling, general and administrative expenses for the fiscal years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Provision of allowance for doubtful accounts	¥ –	¥ 516	\$ –
Bad debts expenses	691	738	4,622
Employees’ salaries, allowances and bonuses	20,621	19,202	137,909
Provision for bonuses	3,462	3,257	23,154
Provision for bonuses for directors (and other officers)	269	200	1,804
Retirement benefit expenses	780	(1,149)	5,222
Provision for retirement benefits for directors (and other officers)	47	56	317
Provision for share awards for directors (and other officers)	433	236	2,899
Welfare expenses	4,610	4,192	30,831
Rent expenses	2,922	2,910	19,546
Depreciation	3,539	3,414	23,668
Amortization of goodwill	1,747	1,810	11,689

*3 Impairment losses

The Group recorded impairment losses for the following asset groups:

FY2024 (From April 1, 2024 to March 31, 2025)

There are no material impairment losses.

FY2023 (From April 1, 2023 to March 31, 2024)

Location	Use	Type	Amount (Millions of yen)
Ireland	Assets for lease	Transportation equipment (aircraft)	¥ 1,840
Fukuoka-shi, Fukuoka	Business assets	Goodwill	660
		Customer-related assets	1,106
Chiyoda-ku, Tokyo	Business assets	Software	¥ 310

The above transportation equipment (aircraft) is grouped individually.

The expected future cash flows have declined for the overseas consolidated subsidiary FGL Aircraft Ireland Limited, so the book value of the assets for lease whose profitability has declined is written down to the recoverable amount, and the impairment loss is stated as cost of sales. Further, the recoverable amount is calculated from the value in use, and the discount rate is between 6.00% and 6.16%.

The above goodwill and customer-related assets are grouped for each company.

Owing to a decrease in demand for online events in the video streaming service of the domestic consolidated subsidiary, Human Centrix Co., Ltd., there are no longer expectations for revenue anticipated at the time of acquisition of its shares, so the book value is written down to the recoverable amount, and the impairment loss is stated as extraordinary losses. Further, the recoverable amount is calculated from the value in use based on revised future cash flows, taking into account changes in the environment. The discount rate is 11.1%.

The above software is grouped based on offices, etc.

For this software, profit or loss from operating activities is continually negative or is expected to be negative, so the book value is written down to the recoverable amount, and the impairment loss is stated as extraordinary losses. Excluding available-for-sale assets, the recoverable amount is measured based on the value in use. However, since no future cash flows are expected, the value in use is evaluated as zero.

*4 The breakdown of loss on disposal of non-current assets is as follows.

(1) Loss on sale of non-current assets

	Millions of yen		Thousands of U.S. dollars	
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)	
Buildings	¥ 0	¥ –	\$ 6	
Equipment	0	–	4	
Software	7	–	49	
Total	¥ 8	¥ –	\$ 59	

(2) Loss on retirement of non-current assets

	Millions of yen		Thousands of U.S. dollars	
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)	
Buildings	¥ 6	¥ 24	\$ 43	
Equipment	1	2	9	
Software	4	6	31	
Total	¥ 12	¥ 33	\$ 83	

VIII. Notes for consolidated statements of comprehensive income

- *1 Reclassification adjustments and income taxes and income tax effect relating to other comprehensive income

	Millions of yen		Thousands of U.S. dollars	
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)	
Valuation difference on available-for-sale securities:				
Gains or losses arising during the year	¥ (8,382)	¥ 35,371	\$ (56,056)	
Reclassification adjustments to profit or loss	(291)	1,803	(1,948)	
Amount before income taxes and income tax effect	(8,673)	37,175	(58,004)	
Income taxes and income tax effect	2,329	(11,393)	15,579	
Valuation difference on available-for-sale securities	¥ (6,343)	¥ 25,781	\$ (42,424)	
Deferred gains or losses on hedges:				
Gains or losses arising during the year	1,786	(9,633)	11,950	
Reclassification adjustments to profit or loss	720	426	4,817	
Amount before income taxes and income tax effect	2,507	(9,206)	16,768	
Income taxes and income tax effect	(440)	1,963	(2,949)	
Deferred gains or losses on hedges	¥ 2,066	¥ (7,243)	\$ 13,819	
Foreign currency translation adjustment:				
Gains or losses arising during the year	17,224	9,873	115,194	
Foreign currency translation adjustment	¥ 17,224	¥ 9,873	\$ 115,194	
Remeasurements of defined benefit plans, net of tax:				
Gains or losses arising during the year	24	348	161	
Reclassification adjustments to profit or loss	(124)	(85)	(831)	
Amount before income taxes and income tax effect	(100)	263	(669)	
Income taxes and income tax effect	27	(77)	187	
Remeasurements of defined benefit plans, net of tax	¥ (72)	¥ 185	\$ (483)	
Share of other comprehensive income of entities accounted for using equity method:				
Gains or losses arising during the year	(529)	1,142	(3,539)	
Reclassification adjustments to profit or loss	11	(7)	76	
Share of other comprehensive income of entities accounted for using equity method	¥ (517)	¥ 1,134	\$ (3,463)	
Total other comprehensive income	¥ 12,357	¥ 29,731	\$ 82,643	

IX. Notes for consolidated statements of changes in equity

FY2024 (From April 1, 2024 to March 31, 2025)

1. Type and total number of shares issued, and type and number of treasury shares

	Number of shares at the beginning of the year (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at the end of the year (Shares)
Issued shares				
Common shares	30,287,810	–	–	30,287,810
Total	30,287,810	–	–	30,287,810
Treasury shares				
Common shares (Note)	221,937	44,373	47,400	218,910
Total	221,937	44,373	47,400	218,910

- Notes:
- The number of common shares in treasury shares at the end of the year includes 170,200 shares of the Company held by the Board Benefit Trust (BBT).
 - The 44,373 increase in the number of common shares in treasury shares is due to an increase of 44,300 shares through the acquisition of treasury shares by the Board Benefit Trust (BBT) and an increase of 73 shares through the acquisition of fractional unit shares.
 - The 47,400 decrease in the number of common shares in treasury shares was a 25,600 decrease due to the exercise of stock options and a 21,800 decrease due to provision to the Board Benefit Trust (BBT).
 - Although the Company conducted a stock split at a ratio of three shares for one share of common stock on April 1, 2025, the number of shares stated above is the number of shares before the stock split.

2. Share acquisition rights and treasury shares acquisition rights

Category	Component of share acquisition rights	Type of shares to be issued upon exercise of share acquisition rights	Number of shares to be issued upon exercise of share acquisition rights (Shares)				Balance at the end of the year (Millions of yen)	Balance at the end of the year (Thousands of U.S. dollars)
			Beginning of the year	Increase	Decrease	End of the year		
Reporting company (parent company)	Share acquisition rights as stock options	–	–	–	–	–	¥ 197	\$ 1,319

3. Dividends

(1) Dividends paid

(Resolution)	Type of shares	Total amount of cash dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
June 21, 2024 Annual General Meeting of Shareholders	Common shares	¥ 7,402	¥ 245	March 31, 2024	June 24, 2024
November 8, 2024 Board of Directors	Common shares	6,802	225	September 30, 2024	December 9, 2024

- Notes:
- Total amount of cash dividends resolved at Annual General Meeting of Shareholders held on June 21, 2024, includes cash dividends of ¥36 million for the Company's shares held by Board Benefit Trust (BBT).
 - Total amount of cash dividends resolved at Board of Directors held on November 8, 2024, includes cash dividends of ¥28 million for the Company's shares held by Board Benefit Trust (BBT).

- (2) Dividends for which record date is in this fiscal year but the effective date for the dividends is in the following fiscal year

The following proposals are scheduled to be submitted at the Annual General Meeting of Shareholders to be held on June 24, 2025.

(Resolution)	Type of shares	Total amount of cash dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
June 24, 2025 Annual General Meeting of Shareholders	Common shares	¥ 6,954	Retained earnings	¥ 230	March 31, 2025	June 25, 2025

(Resolution)	Type of shares	Total amount of cash dividends (Thousands of U.S. dollars)	Source of dividends	Dividend per share (U.S. dollars)	Record date	Effective date
June 24, 2025 Annual General Meeting of Shareholders	Common shares	\$ 46,512	Retained earnings	\$ 1.54	March 31, 2025	June 25, 2025

- Notes: 1. Total amount of cash dividends includes cash dividends of ¥39 million (U.S.\$262 thousand) for the Company's shares held by Board Benefit Trust (BBT).
2. Although the Company conducted a stock split at a ratio of three shares for one share of common stock on April 1, 2025, the above is based on the number of shares before the stock split.

FY2023 (From April 1, 2023 to March 31, 2024)

1. Type and total number of shares issued, and type and number of treasury shares

	Number of shares at the beginning of the year (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at the end of the year (Shares)
Issued shares				
Common shares	30,287,810	—	—	30,287,810
Total	30,287,810	—	—	30,287,810
Treasury shares				
Common shares (Note)	303,657	80	81,800	221,937
Total	303,657	80	81,800	221,937

- Notes: 1. The number of common shares in treasury shares at the end of the year includes 147,700 shares of the Company held by the Board Benefit Trust (BBT).
2. The increase of 80 shares in the number of common shares in treasury shares is due to the acquisition of fractional unit shares.
3. The decrease of 81,800 shares in the number of common shares in treasury shares was a 79,700 decrease due to the exercise of stock options and a 2,100 decrease due to provision to the Board Benefit Trust (BBT).

2. Share acquisition rights and treasury shares acquisition rights

Category	Component of share acquisition rights	Type of shares to be issued upon exercise of share acquisition rights	Number of shares to be issued upon exercise of share acquisition rights (Shares)				Balance at the end of the year (Millions of yen)
			Beginning of the year	Increase	Decrease	End of the year	
Reporting company (parent company)	Share acquisition rights as stock options	—	—	—	—	—	¥ 289

3. Dividends

(1) Dividends paid

(Resolution)	Type of shares	Total amount of cash dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
June 23, 2023 Annual General Meeting of Shareholders	Common shares	¥ 5,574	¥ 185	March 31, 2023	June 26, 2023
November 8, 2023 Board of Directors	Common shares	5,889	195	September 30, 2023	December 7, 2023

- Notes: 1. Total amount of cash dividends resolved at Annual General Meeting of Shareholders held on June 23, 2023, includes cash dividends of ¥27 million for the Company's shares held by Board Benefit Trust (BBT).
2. Total amount of cash dividends resolved at Board of Directors held on November 8, 2023, includes cash dividends of ¥28 million for the Company's shares held by Board Benefit Trust (BBT).

(2) Dividends for which record date is in this fiscal year but the effective date for the dividends is in the following fiscal year

(Resolution)	Type of shares	Total amount of cash dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
June 21, 2024 Annual General Meeting of Shareholders	Common shares	¥ 7,402	Retained earnings	¥ 245	March 31, 2024	June 24, 2024

Note: Total amount of cash dividends includes cash dividends of ¥36 million for the Company's shares held by Board Benefit Trust (BBT).

X. Notes for consolidated statements of cash flows

- *1 Relationship between cash and cash equivalents at end of period and cash and deposits stated on the consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Cash and deposits	¥ 66,598	¥ 140,804	\$ 445,388
Time deposits with maturity of over three months	(33)	(130)	(223)
Cash and cash equivalents	¥ 66,565	¥ 140,674	\$ 445,166

- *2 Major components of assets and liabilities of a newly consolidated subsidiary due to acquisition of shares

FY2024 (From April 1, 2024 to March 31, 2025)

The following includes the breakdown of assets and liabilities at the time of acquisition and consolidation of Wako Pallet Co., Ltd., and the relation between the acquisition cost of shares and net consideration paid for the acquisition (net price).

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 7,616	\$ 50,938
Non-current assets	12,230	81,793
Goodwill	22,824	152,643
Current liabilities	(1,774)	(11,867)
Non-current liabilities	(200)	(1,342)
Non-controlling interests	(9,480)	(63,399)
Acquisition cost of shares	31,217	208,768
Cash and cash equivalents	(3,660)	(24,477)
Difference: net consideration paid for acquisition	¥ 27,557	\$ 184,291

The following includes the breakdown of assets and liabilities at the time of additional acquisition of shares and consolidation of CB Holdings Inc. and its four subsidiaries, and the relation between the acquisition cost of shares and net consideration paid for the acquisition (net price).

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 1,031	\$ 6,901
Non-current assets	702	4,699
Goodwill	1,959	13,104
Current liabilities	(871)	(5,826)
Non-current liabilities	(33)	(226)
Acquisition cost of shares	2,789	18,652
Acquisition cost up until the time control was obtained	(195)	(1,304)
Cash and cash equivalents	(702)	(4,701)
Difference: net consideration paid for acquisition	¥ 1,891	\$ 12,647

XI. Lease transactions

As lessee

Operating leases

Future lease payments required under non-cancellable operating leases

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Within one year	¥ 58	¥ 53	\$ 388
Over one year	1	0	11
Total	¥ 59	¥ 53	\$ 400

As lessor

1. Finance leases

(1) Breakdown of investments in leases

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Lease receivables	¥ 728,939	¥ 769,325	\$ 4,874,872
Estimated residual value	24,184	20,113	161,737
Future interest income	(88,231)	(95,131)	(590,062)
Investments in leases	¥ 664,892	¥ 694,307	\$ 4,446,547

(2) Estimated collectible amount of portion of lease receivables arising from lease receivables and investments in leases after the consolidated balance sheet date

(Millions of yen)

	As of March 31, 2025					
	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Lease receivables	¥ 49,082	¥ 49,178	¥ 32,857	¥ 26,733	¥ 13,392	¥ 46,052
Investments in leases	215,751	168,273	114,506	84,932	43,242	102,232

(Thousands of U.S. dollars)

	As of March 31, 2025					
	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Lease receivables	\$ 328,242	\$ 328,884	\$ 219,740	\$ 178,780	\$ 89,564	\$ 307,979
Investments in leases	1,442,865	1,125,352	765,779	567,995	289,190	683,691

(Millions of yen)

	As of March 31, 2024					
	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Lease receivables	¥ 49,453	¥ 31,968	¥ 40,670	¥ 19,105	¥ 14,574	¥ 23,529
Investments in leases	248,362	155,403	133,639	75,708	49,121	107,089

2. Operating leases

Future lease payments required under non-cancellable operating leases

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Within one year	¥ 87,205	¥ 77,157	\$ 583,195
Over one year	439,480	394,932	2,939,077
Total	¥ 526,685	¥ 472,090	\$ 3,522,271

3. Sublease transactions

Lease receivables and investments in leases, and lease liabilities under sublease transactions on the consolidated balance sheets are before interest deductions

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Lease receivables and investments in leases	¥ 2,181	¥ 3,123	\$ 14,588
Lease liabilities	3,944	5,415	26,382

XII. Financial instruments

1. Status of financial instruments

(1) Policy on financial instruments

The Group is engaged in leasing and installment transactions for machinery, equipment, etc. and financial transactions such as the provision of operating loans. The Group uses direct and indirect financing to procure funds for purchasing assets to lease or to sell through installment sales and for providing operating loans to customers. The Group's indirect financing mainly consists of loans from financial institutions, and its direct financing includes issuing bonds payable, commercial papers and securitization of receivables. As the Group holds financial assets and financial liabilities that are subject to interest rate fluctuation, assets and liabilities are comprehensively managed through asset-liability management (ALM) to mitigate the negative impact of interest rate fluctuations.

The Company uses foreign currency-related derivatives to reduce risks associated with foreign currency fluctuations that affect foreign currency-denominated receivables and payables. The Company uses interest rate-related derivatives to reduce interest rate fluctuation risks that affect borrowings. Also, as part of funding, the Company uses credit risk-related derivatives.

(2) Details of financial instruments and associated risks

Lease receivables and investments in leases, and operating loans are trade receivables due from customers and subject to credit risks associated with customer default. Foreign currency-denominated receivables and payables arising from overseas business are subject to risks associated with foreign currency fluctuations.

Operational investment securities and investment securities include business partners' shares, bonds, and investments in limited partnerships, etc. Those investments are subject to credit risks associated with the issuers and market price fluctuation risks.

Bonds payable, commercial papers, lease liabilities, long-term borrowings, and long-term payables under securitization of lease receivables are used to procure funds for purchasing assets to lease or sell through installment sales to customers. These payables are subject to risks that may compel the Company to procure funds with exceptionally high interest rates and to liquidity risks (funding risks) that may negatively affect the Company's ability to obtain funding and result in losses.

A portion of long-term borrowings have floating interest rates and are therefore subject to interest rate fluctuation risks.

The Company uses foreign currency-related derivatives to reduce risks associated with foreign currency fluctuations that affect foreign currency-denominated receivables and payables. The Company uses interest rate-related derivatives to reduce interest rate fluctuation risks that affect borrowings. Also, as part of funding, the Company uses credit risk-related derivatives. Please refer to the aforementioned in "4. Summary of significant accounting policies (8) Significant hedge accounting methods" under "Basis of presentation" in regard to hedge accounting methods for hedge accounting, hedging instruments and hedged items, hedging policies and methods for assessing hedge effectiveness, etc.

(3) Risk management system for financial instruments

1) Management of credit risks (default risks, etc.)

The Company's management system and rules for credit risks are prescribed in its internal "Basic Policy for Managing Credit Risks."

For all transactions that involve credit risks such as leases, installment sales, selling and purchasing, financing, and guarantee operations, the Company uses a credit risk measurement method, etc., identifies on a timely basis the location and size of credit risks, and responds adequately as necessary.

The Company's credit risk department is engaged in the following duties: 1) daily monitoring of the effectiveness of the credit risk management system, 2) screening and management of credit transactions involving business partners, 3) maintenance and enhancement of risk asset soundness, 4) enhancement of protection against doubtful receivables and implementation of measures related to collection of those receivables, and 5) guidance, support, etc. for the Company's offices and subsidiaries and associates. The department also rates debtors based on their financial status, etc. and degree of credit risk (i.e., their ability to pay debts). The credit ratings are used for credit risk management, portfolio investment and management, credit risk measurement, guidelines on pricing of individual credits, and self-assessment and recognition of adequate credit allowances, etc. based on the self-assessments. Furthermore, the department regularly monitors the status of the Company's main business partners, manages payment-due dates and credit balances on a customer-by-customer basis, and closely monitors customers to identify potential impediments to the collectability of receivables (e.g., due to worsening financial condition) and takes steps to mitigate such impediments.

The effectiveness and appropriateness of credit risk management are examined through internal audits.

- 2) Management of market risks (fluctuation risks associated with foreign exchange rates, interest rates, etc.)

The Company's market risk management rules and procedures are prescribed in its internal "Basic Policy for Managing Market and Liquidity Risks."

Market risks are controlled by comprehensively examining various factors such as financial position (revenues and shareholders' equity), balance between target revenues and risk levels, interest rate prospects, market environments, past results, and the level of risk management for various risks. The Company manages its exposure to risks when deemed necessary for the purpose of reducing risks and expanding revenues.

The Company's ALM Committee meets once a month as a general rule, and on an ad-hoc basis as needed, to review and examine practical measures related to market risk management and to monitor performance. At the monthly meeting, etc., the finance division reports on matters related to market risk management, including the status of market risk control, interest rate prospects, developments of market environment, etc., and hedge transactions, etc.

The Company's consolidated subsidiaries are subject to the Company's "Basic Policy for Managing Market and Liquidity Risks."

- (i) Interest rate fluctuation risk management

The Company comprehensively manages interest rate fluctuation risks using ALM. The ALM Committee ascertains and monitors the status of ALM operations and discusses future direction and strategy based on the Company's ALM policies.

- (ii) Foreign exchange risk management

For foreign exchange risks, the Company procures foreign currency-denominated liabilities corresponding to foreign currency-denominated assets and hedges risks by using foreign currency-related derivatives.

- (iii) Price fluctuation risk management

With regard to operational investment securities and investment securities, the Company regularly monitors the fair value of these securities as well as the financial status of issuers and continuously reviews its financial position considering market conditions and its relationship with the issuers.

- (iv) Derivatives

With regard to derivatives, the Company uses currency swaps, etc. for the purpose of hedging risks associated with foreign currency fluctuations that affect its foreign currency-denominated receivables and payables, etc. The Company uses interest rate swap contracts for the purpose of hedging interest rate fluctuation risks that affect its borrowings.

The Company's finance division is authorized to engage in and manage derivatives, in accordance with internal regulations and individuals authorized on job responsibilities and pursuant to the approval of the Company's president (CEO) or officer in charge of the finance division.

The Company's consolidated subsidiaries' derivative-related transactions are subject to the Company's internal regulations "Basic Policy for Managing Market and Liquidity Risks." In accordance with the Company's "Regulations on Managing Subsidiaries and Associates," the Company's consolidated subsidiaries report to the Company on derivative-related transactions. These reports explain the subsidiary's policy on engaging in the transaction, provide a validation of the transaction's objective, and detail the derivatives' status, counterparties, outstanding positions, and unrealized gains or losses.

(v) Quantitative information on market risk

The major types of financial instruments affected by interest rate risk, the Group's main risk factors, are "Installment receivables," "Lease receivables and investments in leases," "Operating loans," other marketable securities recorded under "Operational investment securities and investment securities," "Bonds payable," "Long-term borrowings," "Long-term payables under securitization of lease receivables," and interest rate swaps contracts included in "Derivatives." The Group performs quantitative analysis in managing the risk of interest rate fluctuations. This quantitative analysis incorporates the potential change in value of these financial assets and liabilities based on a reasonable range of potential interest rate movements. To calculate the potential change in value, the financial assets and liabilities are split into fixed-rate and variable-rate categories. For the fixed-rate category, the Company allocates the book value of the instruments into appropriate categories based on their interest-payment dates and applies an appropriate potential range of interest rate movements to each category. Assuming all risk factors other than interest rates remain constant, as of the fiscal year-end, a 10 basis point (0.1%) change in interest rates would result in a change of ¥3,945 million (U.S.\$26,385 thousand) for the fiscal year ended March 31, 2025 and a change of ¥3,978 million for the fiscal year ended March 31, 2024 in the fair value of these financial assets and liabilities. This potential change in value is based on the assumption that all risk factors other than interest rates remain constant and does not incorporate the effects of correlation between interest rates and the other risk factors. If interest rates fluctuate beyond the assumed reasonable range, the value of these financial assets and liabilities may be affected by more than the Group has estimated.

3) Management of liquidity risks associated with funding (risks of failure to pay on due date)

The Company's management system and rules for liquidity risks are prescribed in its internal "Basic Policy for Managing Market and Liquidity Risks."

With regard to liquidity risks (funding risks), the Company's finance division rigorously controls funding for ordinary operations. The division prepares daily statements of cash receipts/disbursements and an outlook of weekly and monthly cash receipts/disbursements, analyzes investment and cash receipt/disbursement data, and receives reports, etc. from each division to determine the impact on the Company's funding activities. The division also adequately controls liquidity, enhances capital efficiency, and optimizes liquidity risks and funding costs.

Funding is measured by adequately monitoring economic conditions, market environments, etc. Liquidity risks are allocated to management categories by level of funding and managed based on predetermined response policies and implementation standards for each category.

The Company's finance division also monitors consolidated subsidiaries' funding status and takes appropriate action as necessary based on that status.

(4) Supplementary explanation related to fair values, etc. of financial instruments

Because calculations of fair values of financial instruments involve variable inputs, the results of calculations may vary depending on what premises and assumptions are used. Contract amounts

and other derivatives data presented in “Derivatives” are nominal contract amounts or notional amounts used in calculations and do not indicate the amount of exposure.

2. Fair values, etc. of financial instruments

The book values, the fair values and their differences are as follows. Note that shares without a market price, etc. and investments in partnerships, etc. are not included in the following table (See (Note)). In addition, cash and deposits, short-term borrowings, commercial papers and payables under securitization of lease receivables are omitted from the notes because their fair value are close to their book value due to being settled in a short period of time.

As of March 31, 2025

	Millions of yen		
	Book value (A)	Fair value (B)	Difference (B) - (A)
(1) Installment receivables*1,2	¥ 53,395	¥ 53,245	¥ (150)
(2) Lease receivables and investments in leases*2	850,061	867,824	17,762
(3) Operating loans*2	382,273	375,915	(6,358)
(4) Operational investment securities and investment securities*3			
Other securities	405,922	405,922	—
Total assets	¥ 1,691,653	¥ 1,702,908	¥ 11,254
(1) Lease liabilities (current liabilities and non-current liabilities)	¥ 4,588	¥ 4,588	¥ —
(2) Bonds payable (current portion included)	501,966	501,579	(387)
(3) Long-term borrowings (current portion included)	1,476,112	1,472,420	(3,692)
(4) Long-term payables under securitization of lease receivables (current portion included)	5,349	5,269	(79)
Total liabilities	¥ 1,988,016	¥ 1,983,856	¥ (4,159)
Derivatives*4			
(i) Hedge accounting not applied	¥ 15	¥ 15	¥ —
(ii) Hedge accounting applied	1,005	1,005	—
Total derivatives	¥ 1,021	¥ 1,021	¥ —

	Thousands of U.S. dollars		
	Book value (A)	Fair value (B)	Difference (B) - (A)
(1) Installment receivables*1,2	\$ 357,091	\$ 356,088	\$ (1,003)
(2) Lease receivables and investments in leases*2	5,684,890	5,803,680	118,790
(3) Operating loans*2	2,556,502	2,513,981	(42,521)
(4) Operational investment securities and investment securities*3			
Other securities	2,714,657	2,714,657	–
Total assets	\$ 11,313,141	\$ 11,388,406	\$ 75,266
(1) Lease liabilities (current liabilities and non-current liabilities)	\$ 30,683	\$ 30,683	\$ –
(2) Bonds payable (current portion included)	3,356,962	3,354,371	(2,592)
(3) Long-term borrowings (current portion included)	9,871,681	9,846,988	(24,693)
(4) Long-term payables under securitization of lease receivables (current portion included)	35,776	35,242	(534)
Total liabilities	\$ 13,295,102	\$ 13,267,283	\$ (27,819)
Derivatives*4			
(i) Hedge accounting not applied	\$ 105	\$ 105	\$ –
(ii) Hedge accounting applied	6,726	6,726	–
Total derivatives	\$ 6,831	\$ 6,831	\$ –

*1. Net of deferred profit on installment sales.

*2. Net of general and specific allowances for doubtful accounts related to installment receivables, lease receivables and investments in leases, and operating loans.

*3. Operational investment securities include investment trusts that have applied the treatment of regarding the net asset value per unit as the fair value in paragraph 24-3 and paragraph 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

*4. Assets and liabilities arising from derivatives are carried at net amounts with amounts in parentheses representing a net liability position.

As of March 31, 2024

	Millions of yen		
	Book value (A)	Fair value (B)	Difference (B) - (A)
(1) Installment receivables*1,2	¥ 49,757	¥ 50,467	¥ 709
(2) Lease receivables and investments in leases*2	857,327	896,198	38,871
(3) Operating loans*2	339,160	340,210	1,049
(4) Operational investment securities and investment securities*3			
Other securities	377,792	377,792	—
Total assets	¥ 1,624,037	¥ 1,664,668	¥ 40,630
(1) Lease liabilities (current liabilities and non-current liabilities)	¥ 5,992	¥ 5,992	¥ —
(2) Bonds payable (current portion included)	428,495	430,916	2,421
(3) Long-term borrowings (current portion included)	1,398,741	1,399,002	260
(4) Long-term payables under securitization of lease receivables (current portion included)	8,254	8,638	383
Total liabilities	¥ 1,841,483	¥ 1,844,549	¥ 3,065
Derivatives*4			
(i) Hedge accounting not applied	¥ (11)	¥ (11)	¥ —
(ii) Hedge accounting applied	340	340	—
Total derivatives	¥ 329	¥ 329	¥ —

*1. Net of deferred profit on installment sales.

*2. Net of general and specific allowances for doubtful accounts related to installment receivables, lease receivables and investments in leases, and operating loans.

*3. Operational investment securities include investment trusts that have applied the treatment of regarding the net asset value per unit as the fair value in paragraph 24-3 and paragraph 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

*4. Assets and liabilities arising from derivatives are carried at net amounts with amounts in parentheses representing a net liability position.

Note: The amounts of shares without a market price, etc. and investments in partnerships, etc. recorded on the consolidated balance sheet are as follows, and not included in the information on fair value of financial instruments “Assets (4) Other securities.”

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Unlisted shares*1	¥ 10,717	¥ 10,491	\$ 71,676
Subsidiary’s shares / associates’ shares*1	50,840	49,828	340,004
Investments in limited partnerships, etc.*2	236,310	211,536	1,580,357
Total	¥ 297,869	¥ 271,856	\$ 1,992,037

*1. This equates to shares without a market price, etc., and is not subject to fair value disclosure in accordance with paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).

*2. Investments in partnerships, etc. is not subject to fair value disclosure based on paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

3. Matters concerning the breakdown of financial instruments by fair value level and other matters.

The fair value of financial instruments is categorized by the following three levels according to the observability and materiality of inputs used in calculating fair value.

Level 1 fair value: Fair value calculated from (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 fair value: Fair value calculated directly or indirectly using observable inputs other than Level 1 inputs

Level 3 fair value: Fair value calculated using significant unobservable inputs

If multiple inputs that materially affect the measurement of fair value are used, the fair value is categorized into the lowest priority level in fair value measurement among the levels of those inputs.

(1) Financial assets and financial liabilities recorded on the consolidated balance sheet at fair value

As of March 31, 2025

Category	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Operational investment securities				
Bonds payable	¥ —	¥ 167,917	¥ 44,034	¥ 211,952
Preferred securities / beneficial interest in trusts, etc.	647	3,456	2,366	6,471
Investment securities				
Shares	94,911	210	—	95,121
Investment trusts	524	—	—	524
Derivatives				
Interest rate-related	—	642	—	642
Foreign currency-related	—	435	—	435
Total assets	¥ 96,083	¥ 172,661	¥ 46,401	¥ 315,146
Derivatives	¥ —	¥ —	¥ —	¥ —
Interest rate-related	—	36	—	36
Credit risk-related	—	20	—	20
Total liabilities	¥ —	¥ 56	¥ —	¥ 56

Category	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Operational investment securities				
Bonds payable	\$ –	\$ 1,122,971	\$ 294,484	\$ 1,417,455
Preferred securities / beneficial interest in trusts, etc.	4,333	23,115	15,829	43,278
Investment securities				
Shares	634,730	1,404	–	636,134
Investment trusts	3,507	–	–	3,507
Derivatives				
Interest rate-related	–	4,295	–	4,295
Foreign currency-related	–	2,911	–	2,911
Total assets	\$ 642,570	\$ 1,154,698	\$ 310,313	\$ 2,107,581
Derivatives	\$ –	\$ –	\$ –	\$ –
Interest rate-related	–	242	–	242
Credit risk-related	–	134	–	134
Total liabilities	\$ –	\$ 376	\$ –	\$ 376

(*) Investment trusts that have applied the treatment of regarding the net asset value per unit as the fair value in paragraph 24-3 and paragraph 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) are not included in the above table. The book value of investment trusts that have applied the treatment in paragraph 24-3 is ¥29,330 million (U.S.\$196,152 thousand), and the book value of investment trusts that have applied the treatment in paragraph 24-9 is ¥62,523 million (U.S.\$418,131 thousand).

As of March 31, 2024

Category	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Operational investment securities				
Bonds payable	¥ –	¥ 165,723	¥ 30,416	¥ 196,140
Preferred securities / beneficial interest in trusts, etc.	413	2,499	4,365	7,278
Investment securities				
Shares	97,084	210	–	97,294
Investment trusts	590	–	–	590
Derivatives				
Interest rate-related	–	440	–	440
Foreign currency-related	–	72	–	72
Total assets	¥ 98,087	¥ 168,945	¥ 34,782	¥ 301,815
Derivatives	¥ –	¥ –	¥ –	¥ –
Interest rate-related	–	120	–	120
Foreign currency-related	–	62	–	62
Credit risk-related	–	0	–	0
Total liabilities	¥ –	¥ 183	¥ –	¥ 183

(*) Investment trusts that have applied the treatment of regarding the net asset value per unit as the fair value in paragraph 24-3 and paragraph 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) are not included in the above table. The book value of investment trusts that have applied the treatment in paragraph 24-3 is ¥29,183 million, and the book value of investment trusts that have applied the treatment in paragraph 24-9 is ¥47,305 million.

(2) Financial assets and financial liabilities not recorded on the consolidated balance sheet at fair value
As of March 31, 2025

Category	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Installment receivables	¥ —	¥ —	¥ 53,245	¥ 53,245
Lease receivables and investments in leases	—	—	867,824	867,824
Operating loans	—	—	375,915	375,915
Total assets	¥ —	¥ —	¥ 1,296,985	¥ 1,296,985
Lease liabilities	¥ —	¥ 4,588	¥ —	¥ 4,588
Bonds payable	—	501,579	—	501,579
Long-term borrowings	—	1,472,420	—	1,472,420
Long-term payables under securitization of lease receivables	—	5,269	—	5,269
Total liabilities	¥ —	¥ 1,983,856	¥ —	¥ 1,983,856

Category	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Installment receivables	\$ —	\$ —	\$ 356,088	\$ 356,088
Lease receivables and investments in leases	—	—	5,803,680	5,803,680
Operating loans	—	—	2,513,981	2,513,981
Total assets	\$ —	\$ —	\$ 8,673,749	\$ 8,673,749
Lease liabilities	\$ —	\$ 30,683	\$ —	\$ 30,683
Bonds payable	—	3,354,371	—	3,354,371
Long-term borrowings	—	9,846,988	—	9,846,988
Long-term payables under securitization of lease receivables	—	35,242	—	35,242
Total liabilities	\$ —	\$ 13,267,283	\$ —	\$ 13,267,283

As of March 31, 2024

Category	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Installment receivables	¥ —	¥ —	¥ 50,467	¥ 50,467
Lease receivables and investments in leases	—	—	896,198	896,198
Operating loans	—	—	340,210	340,210
Total assets	¥ —	¥ —	¥ 1,286,875	¥ 1,286,875
Lease liabilities	¥ —	¥ 5,992	¥ —	¥ 5,992
Bonds payable	—	430,916	—	430,916
Long-term borrowings	—	1,399,002	—	1,399,002
Long-term payables under securitization of lease receivables	—	8,638	—	8,638
Total liabilities	¥ —	¥ 1,844,549	¥ —	¥ 1,844,549

Notes: 1. Explanation of evaluation techniques and inputs used in calculating fair value

Operational investment securities and investment securities

Operational investment securities and investment securities for which there are published market prices such as the stock exchange price or prices provided by relevant financial institutions or information vendors, where the unadjusted market prices in active markets can be used, are categorized as Level 1 fair value. This mainly includes listed shares.

If the market is not active, even if using published market prices, the items are categorized as Level 2 fair value. This mainly includes bonds payable.

If the market price cannot be obtained, fair value is calculated by discounting total principal and interest, etc. by a rate calculated based on an internal rating. Since significant unobservable inputs are used in the calculation, these are categorized as Level 3 fair value.

Investment trusts which have transaction prices in markets and for which unadjusted prices in active markets can be used are categorized as Level 1 fair value. This mainly includes listed investment trusts. For investment trusts with no transaction price in markets, the fair value is determined based on the net asset value per unit and other valuation methods. If there are no significant restrictions for which market participants would demand compensation for the risk on cancellation or repurchase requests, the net asset value per unit is used as the fair value, and the investment trusts are categorized as Level 2 fair value. If there is any significant restriction for which market participants would demand compensation for the risk on cancellation or repurchase requests, the investment trusts are measured with the net asset value per unit regarded as the fair value, and are not categorized into any level in accordance with paragraph 24-7 and paragraph 24-12 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

Installment receivables

Fair values are calculated by discounting uncollected receivables at the rate applied to new contracts. The Company calculates the fair values of doubtful receivables by deducting estimated losses on bad debts from their book values as of the consolidated balance sheet date. The resulting amount closely approximates the doubtful receivables' fair values. Estimated losses on bad debts are calculated based on estimated cash flows or estimated net realizable value, etc. covered by collateral or guaranty.

Since the impact on unobservable inputs is material for all fair values, these are categorized as Level 3 fair value.

Lease receivables and investments in leases

Fair values of lease receivables and investments in leases are calculated by subtracting major administrative and maintenance expenses from the total of uncollected lease receivables and lease payments. The Company calculates the fair values of doubtful receivables by deducting estimated losses on bad debts from their book values as of the consolidated balance sheet date. The resulting amount closely approximates the doubtful receivables' fair values. Estimated losses on bad debts are calculated based on estimated cash flows or estimated net realizable value, etc. covered by collateral or guaranty.

Since the impact on unobservable inputs is material for all fair values, these are categorized as Level 3 fair value.

Operating loans

Fair values of floating-rate operating loans are based on their book value. Market rates are reflected in the rates on floating-rate operating loans in a short period of time, so their book value closely approximates their fair values as long as the borrower credit status does not change materially after loan issuance. Fair values of fixed-rate operating loans are calculated by discounting total principal and interest for each borrower at the rate applied to new contracts. The Company calculates the fair values of doubtful receivables by deducting estimated losses on bad debts from their book values as of the consolidated balance sheet date. The resulting amount closely approximates the doubtful receivables' fair values. Estimated losses on bad debts are calculated based on estimated cash flows or estimated net realizable value, etc. covered by collateral or guaranty.

Since the impact on unobservable inputs is material for all fair values, these are categorized as Level 3 fair value.

Lease liabilities

To calculate the fair values of lease liabilities, the instruments are first allocated to categories according to maturity terms. Total principal and interest for each category is discounted at a notional rate that is assumed would apply to borrowing in the same amount.

Since the impact on unobservable inputs is immaterial, these are categorized as Level 2 fair value.

Bonds payable (current portion included), Long-term borrowings (current portion included), Long-term payables under securitization of lease receivables (current portion included)

Fair values of floating-rate loans and payables in these categories are based on their book value. Market rates are reflected in the rates on these loans and payables in a short period of time, and the Company's credit status has not changed materially since issuance, so their book value are deemed to closely approximate their fair values. To calculate the fair values of fixed-rate loans and payables in these categories, the instruments are first allocated to categories according to maturity terms. Total principal and interest for each category is discounted at a notional rate that is assumed would apply to borrowing in the same amount.

Since the impact on unobservable inputs is immaterial for all fair values, these are categorized as Level 2 fair value.

Derivatives

Derivatives are over-the-counter (OTC) transactions, and calculated based on the price indicated by relevant financial institutions, etc. The main inputs used in these evaluation techniques are interest rates and foreign exchange rates, etc. Since observable inputs are used, their fair value is categorized as Level 2 fair value.

2. Information concerning Level 3 fair value for financial instruments recorded on the consolidated balance sheet at fair value

(1) Quantitative information concerning significant unobservable inputs

As of March 31, 2025

Category	Evaluation technique	Significant unobservable inputs	Scope of inputs
Operational investment securities			
Bonds payable	Discounted present value method	Discount rate	2.76%
Preferred securities, etc.	Discounted present value method	Discount rate	6.50%-18.47%

As of March 31, 2024

Category	Evaluation technique	Significant unobservable inputs	Scope of inputs
Operational investment securities			
Bonds payable	Discounted present value method	Discount rate	2.63%
Preferred securities, etc.	Discounted present value method	Discount rate	6.50%-17.17%

(2) Reconciliation from the balance at beginning of year to the balance at end of year, unrealized gain and loss recognized in profit and loss for the period

As of March 31, 2025

	Millions of yen							
	Beginning of year	Profit and loss or other comprehensive income for the period		Net amounts of purchase, sale, issuance and settlement	Transfers to Level 3 fair value (*2)	Transfers from Level 3 fair value (*3)	End of year	Unrealized gains and losses on financial assets and financial liabilities held as of the consolidated balance sheet date included in profit and loss for the period
		Recorded in profit and loss	Recorded in other comprehensive income (*1)					
Operational investment securities								
Bonds payable	¥ 30,416	¥ –	¥ (742)	¥ 14,359	¥ –	¥ –	¥ 44,034	¥ –
Preferred securities, etc.	4,365	–	(431)	(1,567)	–	–	2,366	–
Total	¥ 34,782	¥ –	¥ (1,173)	¥ 12,792	¥ –	¥ –	¥ 46,401	¥ –

	Thousands of U.S. dollars							
	Beginning of year	Profit and loss or other comprehensive income for the period		Net amounts of purchase, sale, issuance and settlement	Transfers to Level 3 fair value (*2)	Transfers from Level 3 fair value (*3)	End of year	Unrealized gains and losses on financial assets and financial liabilities held as of the consolidated balance sheet date included in profit and loss for the period
		Recorded in profit and loss	Recorded in other comprehensive income (*1)					
Operational investment securities								
Bonds payable	\$ 203,415	\$ –	\$ (4,965)	\$ 96,034	\$ –	\$ –	\$ 294,484	\$ –
Preferred securities, etc.	29,195	–	(2,884)	(10,481)	–	–	15,829	–
Total	\$ 232,610	\$ –	\$ (7,849)	\$ 85,553	\$ –	\$ –	\$ 310,313	\$ –

*1. Included in “Valuation difference on available-for-sale securities” under “Other comprehensive income” in the consolidated statement of comprehensive income.

*2. There were no transfers from Level 2 fair value to Level 3 fair value during the fiscal year. Note that in the case of a transfer, such transfer occurs on the final day of the accounting period.

*3. There were no transfers from Level 3 fair value to Level 2 fair value during the fiscal year. Note that in the case of a transfer, such transfer occurs on the final day of the accounting period.

As of March 31, 2024

	Millions of yen							
	Beginning of year	Profit and loss or other comprehensive income for the period		Net amounts of purchase, sale, issuance and settlement	Transfers to Level 3 fair value (*2)	Transfers from Level 3 fair value (*3)	End of year	Unrealized gains and losses on financial assets and financial liabilities held as of the consolidated balance sheet date included in profit and loss for the period
		Recorded in profit and loss	Recorded in other comprehensive income (*1)					
Operational investment securities								
Bonds payable	¥ 8,609	¥ –	¥ 950	¥ 20,856	¥ –	¥ –	¥ 30,416	¥ –
Preferred securities, etc.	4,392	–	113	(140)	–	–	4,365	–
Total	¥ 13,002	¥ –	¥ 1,064	¥ 20,715	¥ –	¥ –	¥ 34,782	¥ –

*1. Included in “Valuation difference on available-for-sale securities” under “Other comprehensive income” in the consolidated statement of comprehensive income.

*2. There were no transfers from Level 2 fair value to Level 3 fair value during the fiscal year. Note that in the case of a transfer, such transfer occurs on the final day of the accounting period.

*3. There were no transfers from Level 3 fair value to Level 2 fair value during the fiscal year. Note that in the case of a transfer, such transfer occurs on the final day of the accounting period.

(3) Explanation of the fair value valuation process

The Group defines policies and procedures concerning the calculation of fair value in its accounting division and calculates fair value in that division in line with such policies and procedures. The calculated fair value is verified at the accounting division or the standalone finance division on the validity of the evaluation technique and inputs used in calculating fair value and the appropriateness of the categorization of fair value level.

When calculating fair value, a valuation model that can most appropriately reflect the nature, special characteristics and risk of the individual assets is applied. In addition, if using a market price obtained from a third-party, the evaluation technique and inputs used are confirmed and the validity of the price is verified by appropriate methods such as monthly trends analysis.

(4) Explanation concerning the impact on fair value if the significant unobservable inputs are changed

The discount rate, which is a significant unobservable inputs used in calculating fair value of items such as corporate bonds, is an adjustment rate relative to standard market interest rates such as TIBOR and swap rates. It mainly comprises the risk premium, which is the compensation required by market participants for the uncertainty of cash flows from financial instruments derived from credit risk. In general, a pronounced rise (fall) in the discount rate causes a pronounced fall (rise) in fair value.

3. Information on investment trusts that have applied the treatment in paragraph 24-3 and paragraph 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021)

(1) Reconciliation of investment trusts that have applied the treatment in paragraph 24-3 and paragraph 24-9 from the balance at beginning of year to the balance at end of year

As of March 31, 2025

Category	Millions of yen							
	Beginning of year	Profit and loss or other comprehensive income for the period		Net amounts of purchase, sale and redemption	Amounts of investment trusts whose net asset value per unit shall be regarded as the fair value	Amounts of investment trusts whose net asset value per unit shall not be regarded as the fair value	End of year	Unrealized gains and losses on investment trusts held as of the consolidated balance sheet date included in profit and loss for the period
		Recorded in profit and loss	Recorded in other comprehensive income (*)					
Investment trusts whose investment trust property is financial instruments (paragraph 24-3)	¥ 29,183	¥ –	¥ (353)	¥ 500	¥ –	¥ –	¥ 29,330	¥ –
Investment trusts whose investment trust property is real estate (paragraph 24-9)	47,305	–	1,940	13,276	–	–	62,523	–
Total	¥ 76,489	¥ –	¥ 1,587	¥ 13,776	¥ –	¥ –	¥ 91,853	¥ –

	Thousands of U.S. dollars							
	Beginning of year	Profit and loss or other comprehensive income for the period		Net amounts of purchase, sale and redemption	Amounts of investment trusts whose net asset value per unit shall be regarded as the fair value	Amounts of investment trusts whose net asset value per unit shall not be regarded as the fair value	End of year	Unrealized gains and losses on investment trusts held as of the consolidated balance sheet date included in profit and loss for the period
		Recorded in profit and loss	Recorded in other comprehensive income (*)					
Investment trusts whose investment trust property is financial instruments (paragraph 24-3)	\$ 195,169	\$ –	\$ (2,361)	\$ 3,344	\$ –	\$ –	\$ 196,152	\$ –
Investment trusts whose investment trust property is real estate (paragraph 24-9)	316,361	–	12,979	88,791	–	–	418,131	–
Total	\$ 511,530	\$ –	\$ 10,618	\$ 92,135	\$ –	\$ –	\$ 614,283	\$ –

* Included in “Valuation difference on available-for-sale securities” under “Other comprehensive income” in the consolidated statement of comprehensive income.

As of March 31, 2024

Category	Millions of yen							
	Beginning of year	Profit and loss or other comprehensive income for the period		Net amounts of purchase, sale and redemption	Amounts of investment trusts whose net asset value per unit shall be regarded as the fair value	Amounts of investment trusts whose net asset value per unit shall not be regarded as the fair value	End of year	Unrealized gains and losses on investment trusts held as of the consolidated balance sheet date included in profit and loss for the period
		Recorded in profit and loss	Recorded in other comprehensive income (*)					
Investment trusts whose investment trust property is financial instruments (paragraph 24-3)	¥ 29,736	¥ –	¥ 446	¥ (1,000)	¥ –	¥ –	¥ 29,183	¥ –
Investment trusts whose investment trust property is real estate (paragraph 24-9)	41,686	–	(5)	5,625	–	–	47,305	–
Total	¥ 71,422	¥ –	¥ 441	¥ 4,625	¥ –	¥ –	¥ 76,489	¥ –

* Included in “Valuation difference on available-for-sale securities” under “Other comprehensive income” in the consolidated statement of comprehensive income.

(2) Breakdown of investment trusts that have applied the treatment in paragraph 24-3 by content of restrictions on cancellation as of the consolidated balance sheet date

As of March 31, 2025

Content of restrictions on cancellation	Book value (Millions of yen)	Book value (Thousands of U.S. dollars)
The record date for cancellation is limited, and the interval is long.	¥ 29,330	\$ 196,152

As of March 31, 2024

Content of restrictions on cancellation	Book value (Millions of yen)
The record date for cancellation is limited, and the interval is long.	¥ 29,183

4. Redemption schedule by term for monetary receivables and securities with maturity after the consolidated balance sheet dates

As of March 31, 2025

	Millions of yen			
	Within one year	Over one year and within five years	Over five years and within ten years	Over ten years
Cash and deposits	¥ 66,598	¥ –	¥ –	¥ –
Installment receivables	17,323	28,427	7,438	1,712
Lease receivables and investments in leases	241,372	487,987	77,903	44,215
Operating loans	157,020	187,901	34,527	3,078
Operational investment securities and investment securities				
Other securities with maturities				
Bonds (government bonds)	–	–	–	–
Bonds (corporate bonds)	14,394	50,018	67,011	–
Bonds (other)	–	–	–	–
Other	14,750	154,399	34,579	37,427
Total	¥ 511,459	¥ 908,734	¥ 221,460	¥ 86,433

	Thousands of U.S. dollars			
	Within one year	Over one year and within five years	Over five years and within ten years	Over ten years
Cash and deposits	\$ 445,388	\$ –	\$ –	\$ –
Installment receivables	115,854	190,112	49,743	11,451
Lease receivables and investments in leases	1,614,205	3,263,473	520,990	295,699
Operating loans	1,050,094	1,256,617	230,910	20,589
Operational investment securities and investment securities				
Other securities with maturities				
Bonds (government bonds)	–	–	–	–
Bonds (corporate bonds)	96,264	334,503	448,145	–
Bonds (other)	–	–	–	–
Other	98,642	1,032,567	231,257	250,299
Total	\$ 3,420,447	\$ 6,077,271	\$ 1,481,045	\$ 578,038

As of March 31, 2024

	Millions of yen			
	Within one year	Over one year and within five years	Over five years and within ten years	Over ten years
Cash and deposits	¥ 140,804	¥ –	¥ –	¥ –
Installment receivables	19,795	25,934	3,789	1,465
Lease receivables and investments in leases	273,723	474,119	71,783	39,105
Operating loans	103,804	223,005	9,855	3,206
Operational investment securities and investment securities				
Other securities with maturities				
Bonds (government bonds)	–	–	–	–
Bonds (corporate bonds)	5,020	47,587	55,451	6,534
Bonds (other)	–	–	–	–
Other	37,160	113,173	33,915	38,648
Total	¥ 580,309	¥ 883,821	¥ 174,795	¥ 88,960

5. Repayment schedule by term for bonds payable, long-term borrowings, and other interest-bearing debt after the consolidated balance sheet dates.

As of March 31, 2025

	Millions of yen					
	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Short-term borrowings	¥ 608,320	¥ –	¥ –	¥ –	¥ –	¥ –
Commercial papers	213,000	–	–	–	–	–
Payables under securitization of lease receivables	3,500	–	–	–	–	–
Lease liabilities	1,561	921	520	434	301	848
Bonds payable	94,496	81,600	102,267	89,678	100,934	32,990
Long-term borrowings	441,624	395,917	293,299	171,266	132,583	41,420
Long-term payables under securitization of lease receivables	3,555	464	382	303	26	618
Total	¥ 1,366,058	¥ 478,903	¥ 396,469	¥ 261,682	¥ 233,845	¥ 75,878

	Thousands of U.S. dollars					
	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Short-term borrowings	\$ 4,068,219	\$ –	\$ –	\$ –	\$ –	\$ –
Commercial papers	1,424,463	–	–	–	–	–
Payables under securitization of lease receivables	23,407	–	–	–	–	–
Lease liabilities	10,440	6,163	3,481	2,905	2,019	5,676
Bonds payable	631,957	545,710	683,924	599,733	675,010	220,629
Long-term borrowings	2,953,416	2,647,746	1,961,479	1,145,367	886,667	277,005
Long-term payables under securitization of lease receivables	23,777	3,105	2,555	2,027	175	4,137
Total	\$ 9,135,680	\$ 3,202,724	\$ 2,651,439	\$ 1,750,032	\$ 1,563,871	\$ 507,446

As of March 31, 2024

	Millions of yen					
	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Short-term borrowings	¥ 558,104	¥ –	¥ –	¥ –	¥ –	¥ –
Commercial papers	276,000	–	–	–	–	–
Payables under securitization of lease receivables	13,000	–	–	–	–	–
Lease liabilities	2,038	1,113	877	476	387	1,099
Bonds payable	35,000	93,308	80,000	97,570	89,589	33,028
Long-term borrowings	422,660	340,474	284,209	165,978	122,695	62,722
Long-term payables under securitization of lease receivables	2,464	4,408	512	426	349	93
Total	¥ 1,309,268	¥ 439,303	¥ 365,599	¥ 264,451	¥ 213,021	¥ 96,943

XIII. Securities

1. Other securities

As of March 31, 2025

	Type	Millions of yen		
		Book value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost	(1) Shares	¥ 91,629	¥ 17,418	¥ 74,210
	(2) Bonds			
	1) Government bonds and local government bonds, etc.	—	—	—
	2) Corporate bonds	29,067	28,480	587
	3) Other	—	—	—
	(3) Other	65,499	58,926	6,572
	Subtotal	186,196	104,825	81,371
Securities whose book value does not exceed their acquisition cost	(1) Shares	3,491	3,877	(385)
	(2) Bonds			
	1) Government bonds and local government bonds, etc.	—	—	—
	2) Corporate bonds	182,884	188,335	(5,451)
	3) Other	—	—	—
	(3) Other	33,350	33,566	(216)
	Subtotal	219,725	225,779	(6,053)
Total		¥ 405,922	¥ 330,604	¥ 75,318

	Type	Thousands of U.S. dollars		
		Book value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost	(1) Shares	\$ 612,784	\$ 116,489	\$ 496,295
	(2) Bonds			
	1) Government bonds and local government bonds, etc.	—	—	—
	2) Corporate bonds	194,395	190,464	3,930
	3) Other	—	—	—
	(3) Other	438,036	394,078	43,958
	Subtotal	1,245,214	701,031	544,183
Securities whose book value does not exceed their acquisition cost	(1) Shares	23,350	25,930	(2,580)
	(2) Bonds			
	1) Government bonds and local government bonds, etc.	—	—	—
	2) Corporate bonds	1,223,060	1,259,517	(36,457)
	3) Other	—	—	—
	(3) Other	223,032	224,477	(1,445)
	Subtotal	1,469,443	1,509,925	(40,482)
Total		\$ 2,714,657	\$ 2,210,956	\$ 503,701

Note: Shares without a market price, etc. and investments in limited partnerships, etc. are not included in the above table.

As of March 31, 2024

	Type	Millions of yen		
		Book value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost	(1) Shares	¥ 95,489	¥ 17,104	¥ 78,385
	(2) Bonds			
	1) Government bonds and local government bonds, etc.	—	—	—
	2) Corporate bonds	61,605	60,156	1,448
	3) Other	—	—	—
	(3) Other	78,514	72,508	6,005
	Subtotal	235,609	149,769	85,840
Securities whose book value does not exceed their acquisition cost	(1) Shares	1,804	2,003	(199)
	(2) Bonds			
	1) Government bonds and local government bonds, etc.	—	—	—
	2) Corporate bonds	134,535	137,129	(2,594)
	3) Other	—	—	—
	(3) Other	5,842	6,524	(682)
	Subtotal	142,182	145,657	(3,475)
Total		¥ 377,792	¥ 295,427	¥ 82,365

Note: Shares without a market price, etc. and investments in limited partnerships, etc. are not included in the above table.

2. Other securities sold

FY2024 (From April 1, 2024 to March 31, 2025)

Type	Millions of yen		
	Sales proceeds	Total gain	Total loss
(1) Shares	¥ 592	¥ 34	¥ —
(2) Bonds			
1) Government bonds and local government bonds, etc.	—	—	—
2) Corporate bonds	—	—	—
3) Other	—	—	—
(3) Other	3,205	373	48
Total	¥ 3,797	¥ 407	¥ 48

Type	Thousands of U.S. dollars		
	Sales proceeds	Total gain	Total loss
(1) Shares	\$ 3,963	\$ 229	\$ —
(2) Bonds			
1) Government bonds and local government bonds, etc.	—	—	—
2) Corporate bonds	—	—	—
3) Other	—	—	—
(3) Other	21,436	2,495	322
Total	\$ 25,399	\$ 2,724	\$ 322

FY2023 (From April 1, 2023 to March 31, 2024)

Type	Millions of yen		
	Sales proceeds	Total gain	Total loss
(1) Shares	¥ 1,201	¥ 737	¥ 47
(2) Bonds			
1) Government bonds and local government bonds, etc.	—	—	—
2) Corporate bonds	19,626	—	1,373
3) Other	—	—	—
(3) Other	1,014	205	—
Total	¥ 21,842	¥ 943	¥ 1,421

3. Impairment losses on securities

During the fiscal year ended March 31, 2025, impairment loss recorded on securities amounted to ¥161 million (U.S.\$1,082 thousand) (shares, etc. classified as other securities: ¥161 million (U.S.\$1,082 thousand)) and during the fiscal year ended March 31, 2024, impairment loss recorded on securities amounted to ¥2,777 million (shares, etc. classified as other securities: ¥2,777 million).

The Company recognizes the impairment losses where the decline in the price at year end is greater than or equal to 50% of the acquisition cost. Where the decline in the price is between 30% and less than 50% of the acquisition cost, the Company may recognize impairment losses, taking into consideration the credit rating of the issuer, the materiality of the amount, the likelihood of the securities recovering in price, etc., as well as the analysis of the level of market price by looking at the gap between the book value and the highest and lowest price and other data during the fiscal years ended March 31, 2025 and 2024.

XIV. Derivatives

1. Derivatives to which hedge accounting is not applied

(1) Foreign currency-related

As of March 31, 2025

Category	Type of contracts	Millions of yen			
		Contract amount, etc.	Contract amount, etc. of over one year	Fair value	Unrealized gains or losses
Transactions other than market trading	Currency swap contracts Receive yen, pay U.S. dollars	¥ 3,167	¥ 1,503	¥ 35	¥ 35
Total		¥ 3,167	¥ 1,503	¥ 35	¥ 35

Category	Type of contracts	Thousands of U.S. dollars			
		Contract amount, etc.	Contract amount, etc. of over one year	Fair value	Unrealized gains or losses
Transactions other than market trading	Currency swap contracts Receive yen, pay U.S. dollars	\$ 21,182	\$ 10,052	\$ 239	\$ 239
Total		\$ 21,182	\$ 10,052	\$ 239	\$ 239

As of March 31, 2024

Category	Type of contracts	Millions of yen			
		Contract amount, etc.	Contract amount, etc. of over one year	Fair value	Unrealized gains or losses
Transactions other than market trading	Currency swap contracts Receive yen, pay U.S. dollars	¥ 4,500	¥ 2,752	¥ (11)	¥ (11)
Total		¥ 4,500	¥ 2,752	¥ (11)	¥ (11)

(2) Interest rate-related

As of March 31, 2025

Not applicable

As of March 31, 2024

Not applicable

(3) Credit risk-related

As of March 31, 2025

Category	Type of contracts	Millions of yen			
		Contract amount, etc.	Contract amount, etc. of over one year	Fair value	Unrealized gains or losses
Transactions other than market trading	Total return swaps	¥ 3,167	¥ 1,503	¥ (20)	¥ (20)
Total		¥ 3,167	¥ 1,503	¥ (20)	¥ (20)

Category	Type of contracts	Thousands of U.S. dollars			
		Contract amount, etc.	Contract amount, etc. of over one year	Fair value	Unrealized gains or losses
Transactions other than market trading	Total return swaps	\$ 21,182	\$ 10,052	\$ (134)	\$ (134)
Total		\$ 21,182	\$ 10,052	\$ (134)	\$ (134)

As of March 31, 2024

Category	Type of contracts	Millions of yen			
		Contract amount, etc.	Contract amount, etc. of over one year	Fair value	Unrealized gains or losses
Transactions other than market trading	Total return swaps	¥ 4,500	¥ 2,752	¥ (0)	¥ (0)
Total		¥ 4,500	¥ 2,752	¥ (0)	¥ (0)

2. Derivatives to which hedge accounting is applied

(1) Foreign currency-related

As of March 31, 2025

Hedge accounting	Type of contracts	Hedged item	Millions of yen		
			Contract amount, etc.	Contract amount, etc. of over one year	Fair value
Principle treatment	Currency swap contracts				
	Receive yen, pay U.S. dollars	Foreign currency-denominated securities	¥ 18,301	¥ —	¥ 148
	Receive yen, pay euros	Foreign currency-denominated securities	34,959	—	139
	Receive yen, pay British pounds	Foreign currency-denominated securities	18,335	—	81
	Receive yen, pay Thai baht	Foreign currency-denominated securities	1,806	—	30
Total			¥ 73,403	¥ —	¥ 399

Hedge accounting	Type of contracts	Hedged item	Thousands of U.S. dollars		
			Contract amount, etc.	Contract amount, etc. of over one year	Fair value
Principle treatment	Currency swap contracts				
	Receive yen, pay U.S. dollars	Foreign currency-denominated securities	\$ 122,393	\$ —	\$ 996
	Receive yen, pay euros	Foreign currency-denominated securities	233,797	—	930
	Receive yen, pay British pounds	Foreign currency-denominated securities	122,624	—	545
	Receive yen, pay Thai baht	Foreign currency-denominated securities	12,082	—	201
Total			\$ 490,897	\$ —	\$ 2,672

As of March 31, 2024

Hedge accounting	Type of contracts	Hedged item	Millions of yen		
			Contract amount, etc.	Contract amount, etc. of over one year	Fair value
Principle treatment	Currency swap contracts				
	Receive yen, pay U.S. dollars	Foreign currency-denominated securities	¥ 18,481	¥ —	¥ (38)
	Receive yen, pay euros	Foreign currency-denominated securities	16,937	—	72
	Receive yen, pay British pounds	Foreign currency-denominated securities	9,566	—	(5)
	Receive yen, pay Thai baht	Foreign currency-denominated securities	1,218	—	(6)
Total			¥ 46,203	¥ —	¥ 21

(2) Interest rate-related

As of March 31, 2025

Hedge accounting	Type of contracts	Hedged item	Millions of yen		
			Contract amount, etc.	Contract amount, etc. of over one year	Fair value
Principle treatment	Interest rate swap contracts: Fixed rate payment, floating rate receipt	Borrowings	¥ 27,423	¥ 26,084	¥ 606
Exceptional treatment of interest rate swaps	Interest rate swap contracts: Fixed rate payment, floating rate receipt	Borrowings	10,476	10,476	(Note)
Total			¥ 37,900	¥ 36,561	¥ 606

Hedge accounting	Type of contracts	Hedged item	Thousands of U.S. dollars		
			Contract amount, etc.	Contract amount, etc. of over one year	Fair value
Principle treatment	Interest rate swap contracts: Fixed rate payment, floating rate receipt	Borrowings	\$ 183,400	\$ 174,444	\$ 4,054
Exceptional treatment of interest rate swaps	Interest rate swap contracts: Fixed rate payment, floating rate receipt	Borrowings	70,063	70,063	(Note)
Total			\$ 253,463	\$ 244,507	\$ 4,054

Note: Since interest rate swaps which are subject to accounting under exceptional treatment of interest rate swaps are accounted for as part of borrowings that are hedged items, their fair value is included in the relevant borrowings.

As of March 31, 2024

Hedge accounting	Type of contracts	Hedged item	Millions of yen		
			Contract amount, etc.	Contract amount, etc. of over one year	Fair value
Principle treatment	Interest rate swap contracts: Fixed rate payment, floating rate receipt	Borrowings	¥ 37,854	¥ 26,242	¥ 319
Exceptional treatment of interest rate swaps	Interest rate swap contracts: Fixed rate payment, floating rate receipt	Borrowings	15,071	10,570	(Note)
Total			¥ 52,925	¥ 36,812	¥ 319

Note: Since interest rate swaps which are subject to accounting under exceptional treatment of interest rate swaps are accounted for as part of borrowings that are hedged items, their fair value is included in the relevant borrowings.

XV. Retirement benefits

1. Overview of the Group's retirement benefits plan

The Company has a defined-benefit corporate pension fund plan (established by the Company and Group companies) and a defined-benefit corporate pension plan as its defined-benefit system, and it also has a defined-contribution pension plan as its defined-contribution system.

The defined-benefit corporate pension fund plan is the only fund type and provides a lump-sum payment or pension based on the employees' final salary points and lengths of service. Furthermore, certain defined-benefit corporate pension fund plans have retirement benefit trusts.

The defined-benefit corporate pension fund plan (established by the Company and Group companies) which is multi-employer type of pension plan is accounted for in the same manner as a defined-contribution pension plan because it is not possible to reasonably estimate the value of plan assets corresponding to the contribution of each company.

The defined-contribution pension plan was transferred from a termination allowance plan on November 1, 2009. The defined-contribution pension plan, under which employees are participants, is funded by the contributions based on the participant's plan course and eligibility.

Some of the domestic consolidated subsidiaries have a defined-benefit corporate pension plan and a termination allowance plan as its defined-benefit pension system.

Some of the domestic consolidated subsidiaries, which have a defined-benefit corporate pension plan and a termination allowance plan, use simplified accounting methods for calculation of retirement benefit liability and retirement benefit expenses. In the termination allowance plan, retirement benefit obligations are recorded in the amount to be paid for voluntary retirement as of fiscal year-end. In the corporate pension plan, retirement benefit obligations are recorded in the amount of actuarial liability calculated under the latest pension funding programs.

The Company and some of its domestic consolidated subsidiaries may make lump-sum payments of premium retirement benefits to some employees at their retirement and certain situation.

2. Defined-benefit pension plan (excluding pension plans using the simplified accounting methods)

(1) Reconciliation of retirement benefit obligations as of beginning of year and as of end of year

	Millions of yen		Thousands of U.S. dollars	
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)	
Retirement benefit obligations at beginning of year	¥ 12,080	¥ 13,466	\$ 80,793	
Service cost	494	611	3,305	
Interest cost	145	69	973	
Actuarial gains or losses	(235)	(1,437)	(1,576)	
Retirement benefits paid	(680)	(629)	(4,553)	
Retirement benefit obligations at end of year	¥ 11,804	¥ 12,080	\$ 78,942	

Note: Service costs and interest costs are included in "Cost of sales" and "Selling, general and administrative expenses" on the consolidated statement of income.

(2) Reconciliation of plan assets as of beginning of year and as of end of year

	Millions of yen		Thousands of U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Plan assets at beginning of year	¥ 13,517	¥ 12,368	\$ 90,397
Expected return on plan assets	237	214	1,589
Actuarial gains or losses	(267)	930	(1,790)
Contribution from employer	493	482	3,302
Retirement benefits paid	(513)	(478)	(3,433)
Plan assets at end of year	¥ 13,467	¥ 13,517	\$ 90,064

(3) Reconciliation of retirement benefit obligations and plan assets at end of fiscal year and retirement benefit liability and retirement benefit asset recorded in the consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Retirement benefit obligations for funded pension plans	¥ 11,804	¥ 12,080	\$ 78,942
Plan assets	(13,467)	(13,517)	(90,064)
Net assets or liabilities recorded in the consolidated balance sheets	(1,663)	(1,436)	(11,122)
Retirement benefit liability	919	739	6,149
Retirement benefit asset	(2,582)	(2,176)	(17,271)
Net assets or liabilities recorded in the consolidated balance sheets	¥ (1,663)	¥ (1,436)	\$ (11,122)

(4) Breakdown of retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Service cost	¥ 494	¥ 611	\$ 3,305
Interest cost	145	69	973
Expected return on plan assets	(237)	(214)	(1,589)
Amortization of actuarial loss	(143)	(2,104)	(959)
Other	(62)	(63)	(415)
Retirement benefit expenses for defined-benefit pension plan	¥ 196	¥ (1,701)	\$ 1,315

Note: Retirement benefit expenses are included in “Cost of sales” and “Selling, general and administrative expenses” on the consolidated statement of income.

(5) Remeasurements of defined benefit plans

The components of items recorded in remeasurements of defined benefit plans, net of tax included in other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Actuarial gains or losses	¥ (100)	¥ 263	\$ (669)

(6) Remeasurements of defined benefit plans

The components of items recorded in remeasurements of defined benefit plans, net of tax included in accumulated other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars	
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025	
Unrecognized actuarial gains or losses	¥ (462)	¥ (562)	\$	(3,095)

(7) Plan assets

1) Breakdown of plan assets

Ratio of each major component of plan assets was as follows:

	As of March 31, 2025	As of March 31, 2024
	%	%
Bonds	39	35
Shares	17	20
Cash and deposits	4	5
General account	27	28
Other	13	12
Total	100	100

Note: The total includes retirement benefits trust established for corporate pension plan at 5% in the fiscal year ended March 31, 2025 and 6% in the fiscal year ended March 31, 2024.

2) Estimation of expected long-term rate of return on plan assets

Expected long-term rate of return on plan assets is estimated based on current and expected future distribution of plan assets as well as current and expected future long-term rate of return on various components of plan assets.

(8) Basis for actuarial calculation

Major basis for actuarial calculation

	As of March 31, 2025	As of March 31, 2024
	%	%
Discount rate	0.10 - 2.12	0.10 - 1.00
Expected long-term rate of return	1.00 - 2.50	1.00 - 2.50
Expected increase in salary	1.41 - 3.69	1.28 - 3.69

3. Defined-benefit pension plans using the simplified accounting methods

(1) Reconciliation of retirement benefit liability for the pension plans using the simplified accounting methods as of beginning of year and as of end of year

	Millions of yen		Thousands of U.S. dollars	
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)	
Retirement benefit liability at beginning of year	¥ 1,531	¥ 1,500	\$	10,245
Retirement benefit expenses	207	197		1,389
Retirement benefits paid	(175)	(166)		(1,177)
Increase by the new consolidated subsidiary	194	—		1,298
Retirement benefit liability at end of year	¥ 1,757	¥ 1,531	\$	11,755

Note: Retirement benefit expenses are included in “Cost of sales” and “Selling, general and administrative expenses” on the consolidated statement of income.

(2) Reconciliation of retirement benefit obligations and plan assets at end of fiscal year and retirement benefit liability and retirement benefit asset recorded in the consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars	
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025	
Retirement benefit obligations for funded pension plans	¥ 696	¥ 652	\$ 4,658	
Plan assets	(178)	(168)	(1,194)	
	517	483	3,463	
Retirement benefit obligations for unfunded pension plans	1,239	1,048	8,292	
Net assets or liabilities recorded in the consolidated balance sheets	1,757	1,531	11,755	
Retirement benefit liability	1,757	1,531	11,755	
Net assets or liabilities recorded in the consolidated balance sheets	¥ 1,757	¥ 1,531	\$ 11,755	

(3) Retirement benefit expenses

Retirement benefit expenses calculated by simplified accounting method

FY2024 (April 1, 2024 - March 31, 2025): ¥207 million (U.S.\$1,389 thousand)

FY2023 (April 1, 2023 - March 31, 2024): ¥197 million

Note: Retirement benefit expenses are included in “Cost of sales” and “Selling, general and administrative expenses” on the consolidated statement of income.

4. Defined contribution plan

In the fiscal years ended March 31, 2025 and 2024 the amount required to be contributed by the Company and consolidated subsidiaries to the defined-contribution pension plan amounted to ¥218 million (U.S.\$1,459 thousand) and ¥211 million, respectively.

Note: The amounts are included in “Cost of sales” and “Selling, general and administrative expenses” on the consolidated statement of income.

5. Multi-employer type of pension plan

In the fiscal years ended March 31, 2025 and 2024 the amount required to be contributed to the defined-benefit corporate pension fund plan (established by the Company and Group companies) of multi-employer type of pension plan amounted to ¥274 million (U.S.\$1,838 thousand) and ¥263 million, respectively. The contribution is accounted for in the same manner with a defined-contribution pension plan.

(1) Most recent funded status of the multi-employer welfare pension plan

	Millions of yen		Thousands of U.S. dollars	
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025	
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024	
Amount of plan assets	¥ 21,191	¥ 18,310	\$ 141,720	
Actuarial liability under pension funding programs	19,738	19,064	132,001	
Difference	¥ 1,453	¥ (753)	\$ 9,719	

- (2) Premium contribution ratio for the Group's contribution to multi-employer type of pension plan
FY2024: 14.815% (From April 1, 2024 to March 31, 2025)
FY2023: 14.614% (From April 1, 2023 to March 31, 2024)

(3) Supplementary explanation

The main reasons for the difference in (1) above are the balance of prior service obligations under pension funding programs (¥5,289 million (U.S.\$35,373 thousand) in the fiscal year ended March 31, 2025, ¥5,738 million in the fiscal year ended March 31, 2024) and general reserve (¥6,742 million (U.S.\$45,091 thousand) in the fiscal year ended March 31, 2025, ¥4,984 million in the fiscal year ended March 31, 2024).

The amortization method for prior service obligations in this system is even amortization of principal and interest over 20 years. Were for some, unlikely reason, a shortage to occur for the balance brought forward, this would be dealt with through methods such as raising special premiums as necessary based on the recalculation of the financial situation.

Since the amount of the special premiums is calculated by multiplying the amount of base salary at the time of premium contribution by the premium rate prescribed in advance, the ratio in (2) above is not the same as the actual burden ratio.

XVI. Stock options, etc.

1. Stock options-related expenses were recorded in the following account

Not applicable

2. Gains on expiration of unexercised stock options

Not applicable

3. Details, number and status of stock options

- (1) Details of stock options

Since the Company resolved at the 49th Annual General Meeting of Shareholders held on June 22, 2018 to introduce the share-based payment plan or Board Benefit Trust (BBT) for its directors and executive officers and abolished the share-based payment-type stock options plan, there has been no new granting of stock options.

	Stock options for 2011	Stock options for 2012	Stock options for 2013
Class and number of grantees (Note 1)	Directors of the Company: 7 Executive officers of the Company: 16	Directors of the Company: 8 Executive officers of the Company: 16	Directors of the Company: 8 Executive officers of the Company: 18
Number and type of stock options (Note 2)	Common shares: 54,800 shares	Common shares: 73,000 shares	Common shares: 42,000 shares
Grant date	October 14, 2011	October 16, 2012	October 15, 2013
Vesting conditions	(Note 3)	(Note 3)	(Note 3)
Requisite service period	(Note 4)	(Note 4)	(Note 4)
Exercise period	October 14, 2011 – October 13, 2041 (Note 5)	October 16, 2012 – October 15, 2042 (Note 5)	October 15, 2013 – October 14, 2043 (Note 5)

	Stock options for 2014	Stock options for 2015	Stock options for 2016
Class and number of grantees (Note 1)	Directors of the Company: 7 Executive officers of the Company: 18	Directors of the Company: 7 Executive officers of the Company: 19	Directors of the Company: 7 Executive officers of the Company: 21
Number and type of stock options (Note 2)	Common shares: 35,500 shares	Common shares: 28,600 shares	Common shares: 34,700 shares
Grant date	October 15, 2014	October 15, 2015	October 14, 2016
Vesting conditions	(Note 3)	(Note 3)	(Note 3)
Requisite service period	(Note 4)	(Note 4)	(Note 4)
Exercise period	October 15, 2014 – October 14, 2044 (Note 5)	October 15, 2015 – October 14, 2045 (Note 5)	October 14, 2016 – October 13, 2046 (Note 5)

	Stock options for 2017
Class and number of grantees (Note 1)	Directors of the Company: 6 Executive officers of the Company: 22
Number and type of stock options (Note 2)	Common shares: 22,200 shares
Grant date	October 16, 2017
Vesting conditions	(Note 3)
Requisite service period	(Note 4)
Exercise period	October 16, 2017 – October 15, 2047 (Note 5)

- Notes:
1. Excluding outside directors and outside corporate auditors
 2. Converted to number of shares
 3. No vesting conditions attached
 4. No provision for requisite service period
 5. Notwithstanding the above, if a share acquisition rights holder loses his/her position as director, corporate auditor, or executive officer of the Company during the above term, he/she may exercise the rights within a period of five years beginning on the day that exactly one year has passed since the day immediately after the day on which the holder loses his/her position.

(2) Movement in stock options

The number of stock options that existed during the fiscal year ended March 31, 2025 is translated into the number of shares.

1) Number of stock options

	Stock options for 2011	Stock options for 2012	Stock options for 2013
Pre-vesting (shares)			
Previous fiscal year-end	–	–	–
Granted	–	–	–
Expired	–	–	–
Vested	–	–	–
Balance unvested	–	–	–
Post-vesting (shares)			
Previous fiscal year-end	2,600	8,100	6,300
Vested	–	–	–
Exercised	2,600	7,000	3,500
Expired	–	–	–
Balance unexercised	–	1,100	2,800

	Stock options for 2014	Stock options for 2015	Stock options for 2016
Pre-vesting (shares)			
Previous fiscal year-end	–	–	–
Granted	–	–	–
Expired	–	–	–
Vested	–	–	–
Balance unvested	–	–	–
Post-vesting (shares)			
Previous fiscal year-end	11,300	11,600	16,100
Vested	–	–	–
Exercised	3,500	2,700	3,900
Expired	–	–	–
Balance unexercised	7,800	8,900	12,200

	Stock options for 2017
Pre-vesting (shares)	
Previous fiscal year-end	–
Granted	–
Expired	–
Vested	–
Balance unvested	–
Post-vesting (shares)	
Previous fiscal year-end	11,100
Vested	–
Exercised	2,400
Expired	–
Balance unexercised	8,700

2) Unit price

	Stock options for 2011 Yen	Stock options for 2012 Yen	Stock options for 2013 Yen
Exercise price	¥ 1	¥ 1	¥ 1
Average price per share at exercise	12,291	12,613	12,898
Fair value at grant date	2,449	1,943	3,556

	Stock options for 2014 Yen	Stock options for 2015 Yen	Stock options for 2016 Yen
Exercise price	¥ 1	¥ 1	¥ 1
Average price per share at exercise	12,036	12,893	12,172
Fair value at grant date	3,584	4,653	4,606

	Stock options for 2017 Yen
Exercise price	¥ 1
Average price per share at exercise	12,180
Fair value at grant date	6,840

4. Estimation method for fair value of stock options

Not applicable

5. Estimation method for the number of vested stock options

The Company generally uses the actual number of expired options to estimate the number of vested options, because it is difficult to reasonably estimate how many options will expire in the future.

XVII. Tax effect accounting

1. The respective breakdowns of deferred tax assets and deferred tax liabilities by major item

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Deferred tax assets			
Loss on valuation of investment securities, etc.	¥ 3,065	¥ 2,733	\$ 20,503
Investment tax credits	2,736	2,442	18,303
Tax loss carried forward	2,393	1,811	16,008
Deferred gains or losses on hedges	2,114	2,399	14,142
Excess of allowance for doubtful accounts	1,408	1,534	9,417
Guarantee deposits received	1,359	1,272	9,093
Provision for bonuses	1,185	997	7,930
Retirement benefit liability	703	651	4,705
Accrued expenses	680	710	4,550
Excess of depreciation	584	206	3,909
Revenue recognized for tax purposes	551	288	3,688
Asset retirement obligations	426	240	2,849
Enterprise taxes payable	413	1,220	2,765
Non-deductible consumption tax	379	336	2,538
Prepaid expenses	291	277	1,952
Gain on transfer of receivables	75	78	506
Other	5,955	3,917	39,825
Subtotal deferred tax assets	24,325	21,119	162,682
Valuation allowance related to total deductible temporary differences	(677)	(118)	(4,530)
Subtotal valuation allowance	(677)	(118)	(4,530)
Total deferred tax assets	23,648	21,000	158,152
Deferred tax liabilities			
Valuation difference on available-for-sale securities	¥ (27,675)	¥ (29,191)	\$ (185,086)
Depreciation	(9,387)	(5,204)	(62,782)
Foreign subsidiary's unitary tax	(4,362)	(4,204)	(29,174)
Intangible assets	(2,240)	(2,396)	(14,984)
Gain on valuation of investment securities	(1,181)	(1,148)	(7,903)
Gain on transfer of receivables	(656)	(683)	(4,388)
Other	(1,797)	(1,404)	(12,022)
Total deferred tax liabilities	(47,302)	(44,233)	(316,339)
Net deferred tax liabilities	¥ (23,653)	¥ (23,232)	\$ (158,187)

2. The respective breakdowns of major items that constituted the material difference between the statutory effective tax rate and the effective tax rate after adoption of tax effect accounting

	As of March 31, 2025	As of March 31, 2024
Statutory effective tax rate	The note is omitted,	30.6%
(Adjustments)	because the difference	
Non-deductible expenses such as	between the statutory	
entertainment expenses	effective tax rate and the	0.1
Non-taxable dividend income	effective tax rate after	(0.9)
Local tax on per capita basis, etc.	adoption of tax effect	0.1
Share of loss (profit) of entities accounted	accounting is less than	
for using equity method	5% of statutory effective	(3.1)
Foreign subsidiary's unitary tax	tax rate.	(2.1)
Differences in applicable tax rates between		(1.1)
parent and subsidiaries		
Amortization of goodwill		0.8
Investment tax credits		0.2
Other		1.1
Effective tax rate after adoption of tax		25.7
effect accounting		

3. Revisions to amounts of deferred tax assets and deferred tax liabilities due to change in income tax rate

Following the enactment of the Act for Partial Amendment to the Income Tax Act, etc. (Act No. 13 of 2025) by the National Diet of Japan on March 31, 2025, a Special Defense Corporate Tax will be imposed starting from the fiscal years beginning on or after April 1, 2026.

Accordingly, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities related to temporary differences expected to be reversed in or after the fiscal year beginning on or after April 1, 2026 has been revised from 30.6% to 31.5%.

The impact of this change on the consolidated financial statements for the fiscal year ended March 31, 2025 is immaterial.

XVIII. Business combinations, etc.

Business combinations through acquisition

Acquisition of Wako Pallet Co., Ltd.

1. Overview of the business combination

(1) Names of acquired company and its business descriptions

Name of acquired company: Wako Pallet Co., Ltd.

Business description: Logistics equipment sales and rental business

(2) Reasons for the business combinations

For the purpose of expanding the Mobility & Logistics business and continuously increasing the corporate value

(3) Date of the business combinations

March 28, 2025

(4) Legal form of the business combinations

Acquisition of shares by cash

(5) Name of the companies after the business combination

No change

(6) Ratio of voting rights acquired

Ratio of voting rights held before the business combination date: —%

Ratio of voting rights acquired on the business combination date: 51.00%

Ratio of voting rights held after the acquisition: 51.00%

(7) Primary basis for the determination of the acquirer

It is because the Company acquired the shares in exchange for cash.

2. Period for which operating results of the acquired company were included in the consolidated financial statements

Because March 31, 2025 is set as the deemed acquisition date, only the balance sheet has been consolidated.

3. Acquisition cost of the acquired company and its breakdown

Acquisition price	Cash and deposits	¥31,217 million	U.S.\$208,768 thousand
Acquisition cost		¥31,217 million	U.S.\$208,768 thousand

4. Details and amounts of main acquisition-related expenses

Compensation and fees, etc. to advisers, etc.: ¥415 million (U.S.\$2,780 thousand)

5. Amount, cause, amortization method and period of goodwill recognized

(1) Amount of goodwill recognized

¥22,824 million (U.S.\$152,643 thousand)

The amount of goodwill is the provisionally calculated amount, because the allocation of acquisition cost was not completed as of March 31, 2025.

(2) Cause of goodwill

Goodwill was recognized due to the future excess earning power expected based on business expansion going forward.

(3) Amortization method and period

Straight-line method over a period of 20 years

6. Amount of assets received and liabilities assumed on the date of the business combination and their major components

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 7,616	\$ 50,938
Non-current assets	12,230	81,793
Total assets	19,847	132,732
Current liabilities	1,774	11,867
Non-current liabilities	200	1,342
Total liabilities	¥ 1,975	\$ 13,208

7. Pro forma amounts of impact of the consolidated statement of income for the fiscal year ended March 31, 2025 assuming that the business combination was completed at the beginning of the fiscal year, and the calculation method thereof

	Millions of yen	Thousands of U.S. dollars
Net sales	¥ 11,748	\$ 78,568
Operating profit	2,592	17,336
Ordinary profit	2,705	18,097
Profit before income taxes	2,615	17,493
Profit attributable to owners of parent	930	6,220

	Yen	U.S. dollars
Basic earnings per share	¥ 10.31	\$ 0.07

Method of calculating pro forma amount

The pro forma amount of the impact is the difference between net sales and profit or loss information calculated assuming that the business combination had been completed at the beginning of the fiscal year and net sales and profit or loss information in the consolidated statements of income of the acquirer.

Please be advised that the notes stated above have not obtained audit certification.

Business combinations through acquisition

Acquisition of CB Holdings Inc.

1. Overview of the business combination

(1) Names of acquired company and its business descriptions

Name of acquired company: CB Holdings Inc. (hereinafter, "CBHD")

Business description: M&A intermediary, startup support, management consulting, distribution of healthcare and nursing care news, etc. in the healthcare, nursing care and welfare industries

(2) Reasons for the business combinations

For the purpose of expanding the Healthcare business by acquiring CBHD and its four wholly-owned subsidiaries including CB Consulting Inc.

(3) Date of the business combinations

January 17, 2025

(4) Legal form of the business combinations

Acquisition of shares by cash

(5) Name of the companies after the business combination

No change

(6) Ratio of voting rights acquired

Ratio of voting rights held before the business combination date: 6.25%

Ratio of voting rights acquired on the business combination date: 93.75%

Ratio of voting rights held after the acquisition: 100.00%

(7) Primary basis for the determination of the acquirer

It is because the Company acquired the shares in exchange for cash.

2. Period for which operating results of the acquired company were included in the consolidated financial statements

Because March 31, 2025 is set as the deemed acquisition date, only the balance sheet has been consolidated.

3. Acquisition cost of the acquired company and its breakdown

Acquisition price	Cash and deposits	¥2,789 million	U.S.\$18,652 thousand
Acquisition cost		¥2,789 million	U.S.\$18,652 thousand

4. Details and amounts of main acquisition-related expenses

Compensation and fees, etc. to advisers, etc.: ¥29 million (U.S.\$195 thousand)

5. Amount, cause, amortization method and period of goodwill recognized

(1) Amount of goodwill recognized

¥1,959 million (U.S.\$13,104 thousand)

(2) Cause of goodwill

Goodwill was recognized due to the future excess earning power expected based on business expansion going forward.

(3) Amortization method and period

Straight-line method over a period of 15 years

6. Amount of assets received and liabilities assumed on the date of the business combination and their major components

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 1,031	\$ 6,901
Non-current assets	702	4,699
Total assets	1,734	11,600
Current liabilities	871	5,826
Non-current liabilities	33	226
Total liabilities	¥ 904	\$ 6,052

7. Pro forma amounts of impact of the consolidated statement of income for the fiscal year ended March 31, 2025 assuming that the business combination was completed at the beginning of the fiscal year, and the calculation method thereof

	Millions of yen	Thousands of U.S. dollars
Net sales	¥ 1,210	\$ 8,098
Operating profit	46	312
Ordinary profit	40	273
Profit before income taxes	34	230
Profit attributable to owners of parent	13	93
Basic earnings per share	Yen ¥ 0.15	U.S. dollars \$ 0.00

Method of calculating pro forma amount

The pro forma amount of the impact is the difference between net sales and profit or loss information calculated assuming that the business combination had been completed at the beginning of the fiscal year and net sales and profit or loss information in the consolidated statements of income of the acquirer.

Please be advised that the notes stated above have not obtained audit certification.

XIX. Asset retirement obligations

This information has been omitted because of immateriality.

XX. Real estate leasing business

The Company and some of its consolidated subsidiaries own assets such as commercial facilities for lease and office buildings (including land) for lease in Tokyo and other regions. Net lease income from these assets amounted to ¥14,345 million (U.S.\$95,937 thousand) and ¥12,719 million (lease income and lease cost were generally recorded as net sales and cost of sales, respectively) for the fiscal years ended March 31, 2025 and 2024, respectively.

The book value on the consolidated balance sheets, net change, and fair value of these assets are as follows:

	Millions of yen		Thousands of U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Book value			
Beginning of year	¥ 563,759	¥ 500,617	\$ 3,770,211
Net change	(15,862)	63,142	(106,083)
End of year	547,897	563,759	3,664,128
Fair value at end of year	¥ 562,631	¥ 578,566	\$ 3,762,669

- Notes: 1. The book value on the consolidated balance sheet is the amount after deduction of accumulated depreciation from acquisition cost.
2. The increase of book value is mainly attributable to the purchase of real estate of ¥78,540 million (U.S.\$525,248 thousand) and ¥235,714 million, in the fiscal years ended March 31, 2025 and 2024, respectively. The decrease of book value is mainly sales of real estate, etc. of ¥82,542 million (U.S.\$552,016 thousand) in the fiscal year ended March 31, 2025.
3. The fair value of properties is mainly estimated based on income approach in accordance with Real Estate Appraisal standards as of March 31, 2025. For other properties, the Company reasonably estimated the fair value based on income approach or market approach while the Company used their book value as the fair value for certain properties.

XXI. Revenue recognition

1. Information on disaggregation of revenue from contracts with customers

FY2024 (From April 1, 2024 to March 31, 2025)

	Millions of yen			
	Reportable segments			
	Lease and Installment Sales	Financing	Other	Total
Revenue from contracts with customers				
Revenue from sale of leased properties	¥ 149,707	¥ —	¥ —	¥ 149,707
Provision of services, etc.	6,122	23	52,787	58,933
Total	155,829	23	52,787	208,640
Other revenue	427,848	38,979	2,926	469,754
Revenues from external customers	¥ 583,677	¥ 39,003	¥ 55,714	¥ 678,395

	Thousands of U.S. dollars			
	Reportable segments			
	Lease and Installment Sales	Financing	Other	Total
Revenue from contracts with customers				
Revenue from sale of leased properties	\$ 1,001,184	\$ –	\$ –	\$ 1,001,184
Provision of services, etc.	40,942	160	353,025	394,127
Total	1,042,126	160	353,025	1,395,311
Other revenue	2,861,289	260,680	19,570	3,141,538
Revenues from external customers	\$ 3,903,415	\$ 260,840	\$ 372,594	\$ 4,536,850

FY2023 (From April 1, 2023 to March 31, 2024)

	Millions of yen			
	Reportable segments			
	Lease and Installment Sales	Financing	Other	Total
Revenue from contracts with customers				
Revenue from sale of leased properties	¥ 194,746	¥ –	¥ –	¥ 194,746
Provision of services, etc.	3,476	55	53,121	56,654
Total	198,223	55	53,121	251,400
Other revenue	421,611	32,614	2,911	457,137
Revenues from external customers	¥ 619,834	¥ 32,670	¥ 56,032	¥ 708,538

2. Basic information for understanding revenue from contracts with customers

Basic information for understanding revenue from contracts with customers is described in “4. Summary of significant accounting policies (6) Recognition of significant revenues and expenses” under “Basis of presentation.”

XXII. Segment information, etc.

1. Description of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available. These segments are subject to periodic examinations undertaken to enable the Board of Directors of the Group to make decisions on allocating resources and to evaluate performance.

The Group is primarily engaged in leasing and installment sales, and its operations are divided into three reportable segments based on the major types of transactions handled, namely the Lease and Installment Sales segment, the Financing segment, and the Other segment.

The Lease and Installment Sales segment conducts businesses including leasing of IT and office equipment, industrial machinery, and other assets (includes the sale, etc. of off-lease assets upon lease expiration or termination) and leasing of real estate, and sells commercial/service equipment, production facilities, medical devices, and other assets on an installment basis. The Financing segment is mainly engaged in operating loans, investment in marketable securities for operational financial income, forming tokumei-kumiai (silent partnership) arrangements, etc. The Other segment primarily engages in environmental-related businesses, fee handling, and BPO and mobility business, etc.

2. Explanation of measurements of sales, profit (loss), asset, liability, and other items for each reportable segment

Measurements used in accounting for reportable segment are the same as those disclosed in "Basis of presentation." Profit of reportable segment is based on operating profit. Transactions with other segments are based on prevailing market prices.

3. Disclosure of sales, profit (loss), asset, liability, and other items for each reportable segment

FY2024 (From April 1, 2024 to March 31, 2025)

	Millions of yen			
	Lease and Installment Sales	Financing	Other	Total
Sales				
Revenues from external customers	¥ 583,677	¥ 39,003	¥ 55,714	¥ 678,395
Transactions with other segments	660	8,999	3,255	12,915
Net sales	584,337	48,002	58,969	691,310
Segment profit	¥ 43,744	¥ 25,090	¥ 11,429	¥ 80,265
Segment assets	¥ 1,909,406	¥ 1,401,269	¥ 141,174	¥ 3,451,849
Other items				
Depreciation	49,417	—	3,737	53,155
Amortization of goodwill	321	324	1,101	1,747
Investments in entities accounted for using equity method	—	—	—	—
Increase in property, plant and equipment and intangible assets	¥ 156,964	¥ —	¥ 1,396	¥ 158,361

	Thousands of U.S. dollars			
	Lease and Installment Sales	Financing	Other	Total
Sales				
Revenues from external customers	\$ 3,903,415	\$ 260,840	\$ 372,594	\$ 4,536,850
Transactions with other segments	4,415	60,182	21,774	86,371
Net sales	3,907,830	321,022	394,368	4,623,220
Segment profit	\$ 292,549	\$ 167,795	\$ 76,439	\$ 536,782
Segment assets	\$ 12,769,385	\$ 9,371,157	\$ 944,119	\$ 23,084,661
Other items				
Depreciation	330,485	—	24,996	355,481
Amortization of goodwill	2,152	2,169	7,368	11,689
Investments in entities accounted for using equity method	—	—	—	—
Increase in property, plant and equipment and intangible assets	\$ 1,049,722	\$ —	\$ 9,342	\$ 1,059,063

FY2023 (From April 1, 2023 to March 31, 2024)

	Millions of yen			
	Lease and Installment Sales	Financing	Other	Total
Sales				
Revenues from external customers	¥ 619,834	¥ 32,670	¥ 56,032	¥ 708,538
Transactions with other segments	733	6,096	2,723	9,553
Net sales	620,567	38,767	58,756	718,091
Segment profit	¥ 42,047	¥ 18,703	¥ 11,574	¥ 72,325
Segment assets	¥ 1,847,177	¥ 1,236,952	¥ 142,498	¥ 3,226,628
Other items				
Depreciation	45,721	—	3,898	49,619
Amortization of goodwill	309	324	1,176	1,810
Investments in entities accounted for using equity method	—	—	—	—
Increase in property, plant and equipment and intangible assets	¥ 356,077	¥ —	¥ 1,601	¥ 357,679

4. Description of nature of differences between amounts of reportable segments total and consolidated financial statements

Net sales	Millions of yen		Thousands of U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Reportable segments total	¥ 691,310	¥ 718,091	\$ 4,623,220
Eliminations	(12,915)	(9,553)	(86,371)
Net sales reported on the consolidated statements of income	¥ 678,395	¥ 708,538	\$ 4,536,850

Profit	Millions of yen		Thousands of U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Reportable segments total	¥ 80,265	¥ 72,325	\$ 536,782
Eliminations	(1,502)	(1,793)	(10,046)
Corporate expenses (Note)	(14,002)	(10,484)	(93,644)
Operating profit reported on the consolidated statements of income	¥ 64,760	¥ 60,046	\$ 433,092

Note: Corporate expenses are mainly selling, general and administrative expenses that are not attributable to any reportable segment.

Assets	Millions of yen		Thousands of U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Reportable segments total	¥ 3,451,849	¥ 3,226,628	\$ 23,084,661
Corporate assets (Note)	115,260	163,696	770,820
Total assets reported on the consolidated balance sheets	¥ 3,567,110	¥ 3,390,324	\$ 23,855,481

Note: Corporate assets include surplus funds (cash and deposits, etc.), long-term investment funds (investment securities) and assets related to administrative divisions that are not attributable to any reportable segment.

Depreciation	Millions of yen		Thousands of U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Reportable segments total	¥ 53,155	¥ 49,619	\$ 355,481
Adjustment	2,628	2,422	17,581
Amounts reported on the consolidated financial statements	¥ 55,784	¥ 52,042	\$ 373,063

Note: Depreciation adjustments mainly represent depreciation on own-used assets.

Amortization of goodwill	Millions of yen		Thousands of U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Reportable segments total	¥ 1,747	¥ 1,810	\$ 11,689
Adjustment	—	—	—
Amounts reported on the consolidated financial statements	¥ 1,747	¥ 1,810	\$ 11,689

Investments in entities accounted for using equity method	Millions of yen		Thousands of U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Reportable segments total	¥ —	¥ —	\$ —
Adjustment	49,412	49,172	330,455
Amounts reported on the consolidated financial statements	¥ 49,412	¥ 49,172	\$ 330,455

Note: Adjustments for investments in entities accounted for using equity method mainly represent the amount of funds invested in entities accounted for using equity method.

Increase in property, plant and equipment and intangible assets	Millions of yen		Thousands of U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Reportable segments total	¥ 158,361	¥ 357,679	\$ 1,059,063
Adjustment	3,428	3,269	22,928
Amounts reported on the consolidated financial statements	¥ 161,790	¥ 360,949	\$ 1,081,992

Note: Adjustments on increase in property, plant and equipment and intangible assets mainly represent capital investment in own-used assets.

Information associated with reportable segments

1. Information for each product or service

FY2024 (From April 1, 2024 to March 31, 2025)

This information is omitted as it is identical to that in segment information.

FY2023 (From April 1, 2023 to March 31, 2024)

This information is omitted as it is identical to that in segment information.

2. Information for each region

FY2024 (From April 1, 2024 to March 31, 2025)

(1) Revenues from external customers

It is omitted since revenues from external customers in Japan exceeds 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

Millions of yen

Japan	North America and Latin America		Europe		Asia	Total
	United States	Other	Ireland	Other		
¥ 738,642	¥ 164,781	¥ 3,302	¥ 175,705	¥ 14	¥ 3,996	¥ 1,086,443

Thousands of U.S. dollars

Japan	North America and Latin America		Europe		Asia	Total
	United States	Other	Ireland	Other		
\$ 4,939,762	\$ 1,101,997	\$ 22,086	\$ 1,175,049	\$ 99	\$ 26,729	\$ 7,265,720

- Notes:
- The figures shown are presented according to the respective countries and regions of the Company and its consolidated subsidiaries.
 - The following geographic categories primarily include the respective countries and regions shown below.
North America and Latin America: United States, Canada, Mexico
Europe: United Kingdom, Ireland
Asia: China, Taiwan, Singapore, Thailand

FY2023 (From April 1, 2023 to March 31, 2024)

(1) Revenues from external customers

It is omitted since revenues from external customers in Japan exceeds 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

Millions of yen

Japan	North America and Latin America		Europe		Asia	Total
	United States	Other	Ireland	Other		
¥ 728,505	¥ 100,444	¥ 2,272	¥ 146,942	¥ 18	¥ 396	¥ 978,579

- Notes:
- The figures shown are presented according to the respective countries and regions of the Company and its consolidated subsidiaries.
 - The following geographic categories primarily include the respective countries and regions shown below.
North America and Latin America: United States, Canada, Mexico
Europe: United Kingdom, Ireland

Asia: China, Taiwan, Singapore, Thailand

3. Information for each of main customers

FY2024 (From April 1, 2024 to March 31, 2025)

It is omitted since among the revenues from external customers, there are no specific customers accounting for 10% or more of net sales on the consolidated statement of income.

FY2023 (From April 1, 2023 to March 31, 2024)

It is omitted since among the revenues from external customers, there are no specific customers accounting for 10% or more of net sales on the consolidated statement of income.

Disclosure of impairment losses on non-current assets for each reportable segment

FY2024 (From April 1, 2024 to March 31, 2025)

Millions of yen

	Lease and Installment Sales	Financing	Other	Corporate/ Elimination	Total
Impairment losses	¥ –	¥ –	¥ 10	¥ 4	¥ 14

Thousands of U.S. dollars

	Lease and Installment Sales	Financing	Other	Corporate/ Elimination	Total
Impairment losses	\$ –	\$ –	\$ 68	\$ 32	\$ 100

Note: The amount in “Corporate/Elimination” is the impairment losses relating to corporate assets that are not attributable to any particular segment.

FY2023 (From April 1, 2023 to March 31, 2024)

Millions of yen

	Lease and Installment Sales	Financing	Other	Corporate/ Elimination	Total
Impairment losses	¥ 1,840	¥ –	¥ 1,769	¥ 310	¥ 3,920

Notes: 1. The impairment losses on “Lease and Installment Sales” are recorded in cost of sales.
2. The amount in “Corporate/Elimination” is the impairment losses relating to corporate assets that are not attributable to any particular segment.

Amortization and unamortized balance of goodwill for each reportable segment

FY2024 (From April 1, 2024 to March 31, 2025)

Millions of yen

	Lease and Installment Sales	Financing	Other	Corporate/ Elimination	Total
Balance at end of period	¥ 27,558	¥ 3,811	¥ 14,934	¥ –	¥ 46,304

Thousands of U.S. dollars

	Lease and Installment Sales	Financing	Other	Corporate/ Elimination	Total
Balance at end of period	\$ 184,300	\$ 25,491	\$ 99,877	\$ –	\$ 309,669

Note: The information about amortization of goodwill is omitted as it is identical to that in segment information.

FY2023 (From April 1, 2023 to March 31, 2024)

Millions of yen

	Lease and Installment Sales	Financing	Other	Corporate/ Elimination	Total
Balance at end of period	¥ 5,043	¥ 4,136	¥ 14,076	¥ –	¥ 23,256

Note: The information about amortization of goodwill is omitted as it is identical to that in segment information.

Information about gain on bargain purchase for each reportable segment

FY2024 (From April 1, 2024 to March 31, 2025)

Not applicable

FY2023 (From April 1, 2023 to March 31, 2024)

Not applicable

Related parties

1. Related party transactions

(1) Transactions of the company reporting the consolidated financial statements with related parties

Parent company of the company reporting the consolidated financial statements and major shareholders (limited to companies, etc.), etc.

FY2024 (From April 1, 2024 to March 31, 2025)

Type	Name	Location	Capital (Millions of yen)	Business or occupation	Percentage of voting rights holding (held) (%)	Relations with related parties	Transaction details	Transaction amount (Millions of yen)	Account title	Year-end balance (Millions of yen)
Major shareholder	Hulic Co., Ltd.	Chuo-ku, Tokyo	¥111,609	Real estate ownership, leasing, sales, and brokerage services	Direct (Holdings) 5.3	Lease transactions	Lease payments received	¥14	Lease receivables and investments in leases	¥16,246
					Direct (Held) 13.9	Sale of operating assets	Sale of operating assets	¥8,343		

Type	Name	Location	Capital (Thousands of U.S. dollars)	Business or occupation	Percentage of voting rights holding (held) (%)	Relations with related parties	Transaction details	Transaction amount (Thousands of U.S. dollars)	Account title	Year-end balance (Thousands of U.S. dollars)
Major shareholder	Hulic Co., Ltd.	Chuo-ku, Tokyo	\$746,399	Real estate ownership, leasing, sales, and brokerage services	Direct (Holdings) 5.3	Lease transactions	Lease payments received	\$97	Lease receivables and investments in leases	\$108,651
					Direct (Held) 13.9	Sale of operating assets	Sale of operating assets	\$55,797		

- Notes: 1. Lease transactions are concluded upon submission of estimates based on actual market conditions, and are subject to the same terms and conditions as general transactions.
2. The sale of operating assets is determined based on the actual market price. The transaction amount records the total transaction amount that occurred in the fiscal year ended March 31, 2025.

FY2023 (From April 1, 2023 to March 31, 2024)

Type	Name	Location	Capital (Millions of yen)	Business or occupation	Percentage of voting rights holding (held) (%)	Relations with related parties	Transaction details	Transaction amount (Millions of yen)	Account title	Year-end balance (Millions of yen)
Major shareholder	Hulic Co., Ltd.	Chuo-ku, Tokyo	¥111,609	Real estate leasing business	Direct (Holdings) 5.3	Lease transactions	Lease payments received	¥310	Lease receivables and investments in leases	¥18,641
					Direct (Held) 14.0	Purchase of operating assets	Purchase of operating assets	¥35,144		
						Sale of operating assets	Sale of operating assets	¥3,568		

- Notes: 1. Lease transactions are concluded upon submission of estimates based on actual market conditions, and are subject to the same terms and conditions as general transactions.

2. The purchase and sale of operating assets is determined based on the actual market price. The transaction amount records the total transaction amount that occurred in the fiscal year ended March 31, 2024.

- (2) Transactions of consolidated subsidiaries of the company reporting the consolidated financial statements with related parties

Parent company of the company reporting the consolidated financial statements and major shareholders (limited to companies, etc.), etc.

FY2024 (From April 1, 2024 to March 31, 2025)

Not applicable

FY2023 (From April 1, 2023 to March 31, 2024)

Not applicable

2. Notes to parent company and significant associates

- (1) Parent company's information

There is no parent company.

- (2) Summary financial information for significant associates

There are no significant associates.

XXIII. Information on special purpose entities

1. Overview of special purpose entities subject to disclosure and of transactions using special purpose entities subject to disclosure

For the diversification of funding sources and stable financing, the Company promotes securitization of lease receivables, etc. The Company use stock companies as special purpose entities.

When performing the securitization, the Company transfers the lease receivables, etc. to special purpose entities and receives the funds as proceeds from the transfer of the assets to the special purpose entity through a loan, etc.

As a result of the securitization, the Company has transactions outstanding with the following special purpose entities. The Company owns shares, etc. with voting rights of the special purpose entities and the employees of the Company concurrently are assigned as corporate officer positions by the entities.

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Number of special purpose entities	Three companies	Three companies	Three companies
Total value of assets as of the latest balance sheet date (without elimination of inter-company transactions)	¥ 5,707	¥ 4,702	\$ 38,172
Total value of liabilities as of the latest balance sheet date (without elimination of intercompany transactions)	5,702	4,696	38,137

2. Amount of transactions, etc. with special purpose entities subject to disclosure

FY2024 (From April 1, 2024 to March 31, 2025)

	Amount of major transactions or the balance as of the end of the fiscal year (Millions of yen)	Major gain or loss	
		Item	Amount (Millions of yen)
Transferred assets (Note 1) Lease receivables and investments in leases	¥ 1,987	Gain on transfer (Note 2)	¥ 33

	Amount of major transactions or the balance as of the end of the fiscal year (Thousands of U.S. dollars)	Major gain or loss	
		Item	Amount (Thousands of U.S. dollars)
Transferred assets (Note 1) Lease receivables and investments in leases	\$ 13,293	Gain on transfer (Note 2)	\$ 227

- Notes: 1. The transaction amount related to transferred assets represents the book value as of the time of transfer.
2. Gain on transfer related to transferred assets is recognized in net sales.

FY2023 (From April 1, 2023 to March 31, 2024)

Not applicable

XXIV. Per share information

	Yen		U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Net assets per share	¥ 5,269.74	¥ 4,785.89	\$ 35.24
Basic earnings per share	501.66	523.81	3.35
Diluted earnings per share	500.78	522.34	3.35

Notes: 1. The Company conducted a stock split at a ratio of three shares for one share of common stock on April 1, 2025. Net assets per share, basic earnings per share, and diluted earnings per share are calculated assuming that the stock split had been conducted at the beginning of the fiscal year ended March 31, 2024.

2. Treasury shares are deducted when calculating the number of common shares as of the fiscal year-end, used in the computation of the net assets per share, and those treasury shares include the Company's shares owned by the Board Benefit Trust (BBT). The number of treasury shares owned by the Board Benefit Trust (BBT) as of the fiscal year-end is 510,600 shares for the fiscal year ended March 31, 2025 and 443,100 shares for the fiscal year ended March 31, 2024.

3. Treasury shares are deducted when calculating the average number of shares during the period, used in the computation of the basic earnings per share, and those treasury shares include the Company's shares owned by the Board Benefit Trust (BBT). The average number of treasury shares owned by the Board Benefit Trust (BBT) during the period is 427,458 shares for the fiscal year ended March 31, 2025 and 443,511 shares for the fiscal year ended March 31, 2024.

4. Calculation basis of net assets per share is as follows.

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Total net assets	¥ 531,213	¥ 477,326	\$ 3,552,556
Amounts excluded from total net assets	55,847	45,651	373,490
Of which, share acquisition rights	197	289	1,319
Of which, non-controlling interests	55,650	45,362	372,171
Net assets attributable to common shares	475,365	431,675	3,179,067
Number of common shares as of the fiscal year-end used in the calculation of net assets per share (thousands shares)	90,206	90,197	90,206

5. Calculation basis of basic earnings per share and diluted earnings per share is as follows

	Millions of yen		Thousands of U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Basic earnings per share			
Profit attributable to owners of parent	¥ 45,277	¥ 47,219	\$ 302,801
Amount not attributable to common shareholders	—	—	—
Profit attributable to owners of parent attributable to common shares	45,277	47,219	302,801
Average number of shares during the period (thousands shares)	90,256	90,145	90,256
Diluted earnings per share			
Adjustments to profit attributable to owners of parent	¥ —	¥ —	\$ —
Increase in the number of common shares (thousands shares)	158	253	158
Residual securities that are not dilutive and not included in the calculation of diluted earnings per share	—	—	—

XXV. Subsequent events

Stock split and partial amendment to Articles of Incorporation in line with the stock split

The Company conducted a stock split and made a partial amendment to its Articles of Incorporation in line with the stock split on April 1, 2025, based on the resolution of the Board of Directors held on February 5, 2025.

(1) Purpose of the stock split

The purpose of the stock split is to reduce the price of share-trading units of the Company's shares, thereby providing a better environment for investment and expanding its investor base.

(2) Overview of the stock split

1) Method of the split

With March 31, 2025 as a record date, one share of common stock of the Company held by each shareholder listed or recorded in the shareholder registry as of the end of the record date has been split into three shares.

2) Increase in number of shares as a result of the split

Total number of issued shares before the stock split:	30,287,810 shares
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Increase in total number of issued shares due to the stock split:	60,575,620 shares
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Total number of issued shares after the stock split:	90,863,430 shares
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Total number of authorized shares after the stock split:	300,000,000 shares
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3) Schedule for the split

Date to announce record date	March 14, 2025
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Record date	March 31, 2025
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Effective date	April 1, 2025
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4) Impact on per share information

The impact on per share information is described in "Per share information."

(3) Partial amendment to Articles of Incorporation in line with the stock split

1) Reason for amendment to Articles of Incorporation

In line with this stock split, the Company has changed the total number of shares authorized to be issued set forth in Article 6 of its Articles of Incorporation on April 1, 2025, pursuant to the provisions of Article 184, paragraph (2) of the Companies Act.

2) Details of amendment to the Articles of Incorporation

Details of amendment are as follows:

(Changes are underlined.)

Current Articles of Incorporation	Amended Articles of Incorporation
Article 6 (Total Number of Shares Authorized to Be Issued) The total number of shares authorized to be issued by the Company shall be <u>100,000,000</u> .	Article 6 (Total Number of Shares Authorized to Be Issued) The total number of shares authorized to be issued by the Company shall be <u>300,000,000</u> .

3) Schedule for amendment to the Articles of Incorporation

Effective date April 1, 2025

(4) Other

1) Change in the amount of share capital

There was no change in the amount of share capital as a result of this stock split.